



ANNUAL STATEMENT
For the Year Ended December 31, 2012
OF THE CONDITION AND AFFAIRS OF THE
GRANGE PROPERTY & CASUALTY INSURANCE COMPANY

NAIC Group Code 00267, 00267 NAIC Company Code 11982 Employer's ID Number 42-1610213
Organized under the Laws of Ohio, State of Domicile or Port of Entry Ohio
Country of Domicile United States
Incorporated/Organized 04/01/2004 Commenced Business 05/21/2004
Statutory Home Office 671 South High Street, Columbus, OH, 43206-1014
Main Administrative Office 671 South High Street, Columbus, OH, 43206-1014 614-445-2900
Mail Address 671 South High Street, P.O. Box 1218, Columbus, OH, 43216-1218
Primary Location of Books and Records 671 South High Street, Columbus, OH, 43206-1014 614-445-2900
Internet Web Site Address www.grangeinsurance.com
Statutory Statement Contact David Sidney Ackermann 614-445-2900
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OFFICERS

Table with 4 columns: Name, Title, Name, Title. Includes THOMAS HOWARD WELCH (PRESIDENT & CEO) and LAVAWN DEE COLEMAN (VP & SECRETARY).

OTHER OFFICERS

Table with 4 columns: Name, Title, Name, Title. Includes JOHN CHRISTOPHER MONTGOMERY (VP - INVESTMENTS).

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Title, Name, Title. Includes 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.

THOMAS HOWARD WELCH
PRESIDENT & CEO

LAVAWN DEE COLEMAN
VP & SECRETARY

JOHN PAUL MCCAFFREY
VP & CFO

Subscribed and sworn to before me
this 22nd day of February, 2013

- 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

Teresa J. Burchwell, Notary Public
April 28, 2017

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE GRANGE PROPERTY & CASUALTY INSURANCE COMPANY

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	39,519,405		39,519,405	35,118,105
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	0		0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$, Schedule E-Part 1), cash equivalents (\$, Schedule E-Part 2) and short-term investments (\$713,083 , Schedule DA).....	713,083		713,083	1,832,672
6. Contract loans (including \$ premium notes).....			0	0
7. Derivatives (Schedule DB).....			0	0
8. Other invested assets (Schedule BA)	0		0	0
9. Receivables for securities	2,063		2,063	2,063
10. Securities lending reinvested collateral assets (Schedule DL).....	2,356,495		2,356,495	607,157
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	42,591,046	0	42,591,046	37,559,997
13. Title plants less \$ charged off (for Title insurers only).....			0	0
14. Investment income due and accrued	399,135		399,135	331,707
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	3,929,086	28,152	3,900,934	3,674,483
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$(4,467) earned but unbilled premiums).....	(5,142)	(675)	(4,467)	(3,758)
15.3 Accrued retrospective premiums.....			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers			0	0
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon			0	0
18.2 Net deferred tax asset.....	782,191		782,191	775,267
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software.....			0	0
21. Furniture and equipment, including health care delivery assets (\$)			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	1,228,888		1,228,888	1,187,221
24. Health care (\$) and other amounts receivable.....			0	0
25. Aggregate write-ins for other than invested assets	10,488	0	10,488	9,631
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	48,935,692	27,477	48,908,215	43,534,548
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
28. Total (Lines 26 and 27)	48,935,692	27,477	48,908,215	43,534,548
DETAILS OF WRITE-INS				
1101.			0	0
1102.			0	0
1103.			0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Equities in Pools.....	10,488		10,488	9,631
2502.			0	0
2503.			0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	10,488	0	10,488	9,631

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)	7,803,552	7,893,634
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)		0
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	2,336,294	2,258,927
4. Commissions payable, contingent commissions and other similar charges	284,245	202,816
5. Other expenses (excluding taxes, licenses and fees)	657,262	543,917
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	255,005	232,603
7.1 Current federal and foreign income taxes (including \$ 22,405 on realized capital gains (losses))	1,192,376	987,548
7.2 Net deferred tax liability		0
8. Borrowed money \$ and interest thereon \$		0
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 50,807,080 and including warranty reserves of \$ and accrued accident and health experience rating refunds including \$ for medical loss ratio rebate per the Public Health Service Act)	8,284,075	7,817,546
10. Advance premium		0
11. Dividends declared and unpaid:		
11.1 Stockholders		0
11.2 Policyholders	17,993	15,473
12. Ceded reinsurance premiums payable (net of ceding commissions)		0
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		0
14. Amounts withheld or retained by company for account of others		0
15. Remittances and items not allocated		0
16. Provision for reinsurance (including \$ certified) (Schedule F, Part 8)	0	0
17. Net adjustments in assets and liabilities due to foreign exchange rates		0
18. Drafts outstanding		0
19. Payable to parent, subsidiaries and affiliates		0
20. Derivatives		0
21. Payable for securities		0
22. Payable for securities lending	2,356,495	607,157
23. Liability for amounts held under uninsured plans		0
24. Capital notes \$ and interest thereon \$		0
25. Aggregate write-ins for liabilities	0	0
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	23,187,297	20,559,622
27. Protected cell liabilities		0
28. Total liabilities (Lines 26 and 27)	23,187,297	20,559,622
29. Aggregate write-ins for special surplus funds	0	0
30. Common capital stock	2,000,000	2,000,000
31. Preferred capital stock		0
32. Aggregate write-ins for other than special surplus funds	0	0
33. Surplus notes		0
34. Gross paid in and contributed surplus	13,000,000	13,000,000
35. Unassigned funds (surplus)	10,720,918	7,974,926
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 30 \$)		0
36.2 shares preferred (value included in Line 31 \$)		0
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	25,720,918	22,974,926
38. Totals (Page 2, Line 28, Col. 3)	48,908,215	43,534,548
DETAILS OF WRITE-INS		
2501.		0
2502.		0
2503.		0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	0	0
2901.		0
2902.		0
2903.		0
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0
3201.		0
3202.		0
3203.		0
3298. Summary of remaining write-ins for Line 32 from overflow page	0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	0	0

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	20,693,632	20,869,981
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	12,005,016	12,541,002
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	2,275,140	2,170,952
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	6,663,894	6,523,024
5. Aggregate write-ins for underwriting deductions	0	0
6. Total underwriting deductions (Lines 2 through 5)	20,944,050	21,234,979
7. Net income of protected cells	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(250,418)	(364,998)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	1,258,283	1,235,983
10. Net realized capital gains (losses) less capital gains tax of \$ 22,405 (Exhibit of Capital Gains (Losses))	41,609	224,017
11. Net investment gain (loss) (Lines 9 + 10)	1,299,892	1,460,000
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ 2,552 amount charged off \$ 103,231)	(100,679)	(162,753)
13. Finance and service charges not included in premiums	2,980,778	2,417,855
14. Aggregate write-ins for miscellaneous income	41,856	23,062
15. Total other income (Lines 12 through 14)	2,921,955	2,278,164
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	3,971,429	3,373,166
17. Dividends to policyholders	62,975	61,076
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	3,908,454	3,312,090
19. Federal and foreign income taxes incurred	1,169,971	866,924
20. Net income (Line 18 minus Line 19) (to Line 22)	2,738,483	2,445,166
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	22,974,926	20,629,645
22. Net income (from Line 20)	2,738,483	2,445,166
23. Net transfers (to) from Protected Cell accounts	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$	0	(50,266)
25. Change in net unrealized foreign exchange capital gain (loss)	0	0
26. Change in net deferred income tax	(27)	(43,704)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	7,536	(5,915)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	0	0
29. Change in surplus notes	0	0
30. Surplus (contributed to) withdrawn from protected cells	0	0
31. Cumulative effect of changes in accounting principles	0	0
32. Capital changes:		
32.1 Paid in	0	0
32.2 Transferred from surplus (Stock Dividend)	0	0
32.3 Transferred to surplus	0	0
33. Surplus adjustments:		
33.1 Paid in	0	0
33.2 Transferred to capital (Stock Dividend)	0	0
33.3 Transferred from capital	0	0
34. Net remittances from or (to) Home Office	0	0
35. Dividends to stockholders	0	0
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)	0	0
37. Aggregate write-ins for gains and losses in surplus	0	0
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	2,745,992	2,345,281
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	25,720,918	22,974,926
DETAILS OF WRITE-INS		
0501.	0	0
0502.	0	0
0503.	0	0
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0
1401. Miscellaneous Income	41,856	23,062
1402.	0	0
1403.	0	0
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	41,856	23,062
3701.	0	0
3702.	0	0
3703.	0	0
3798. Summary of remaining write-ins for Line 37 from overflow page	0	0
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	0	0

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance.....	20,935,004	20,783,201
2. Net investment income	1,461,965	1,416,520
3. Miscellaneous income	2,921,955	2,278,164
4. Total (Lines 1 through 3)	25,318,924	24,477,885
5. Benefit and loss related payments	12,095,099	12,730,909
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	8,646,528	8,936,618
8. Dividends paid to policyholders	60,455	60,816
9. Federal and foreign income taxes paid (recovered) net of \$ 22,405 tax on capital gains (losses).....	987,548	853,317
10. Total (Lines 5 through 9)	21,789,630	22,581,660
11. Net cash from operations (Line 4 minus Line 10)	3,529,294	1,896,224
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	7,352,533	10,991,253
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	7,352,533	10,991,253
13. Cost of investments acquired (long-term only):		
13.1 Bonds	11,958,892	10,754,936
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	11,958,892	10,754,936
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(4,606,359)	236,317
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied).....	(42,525)	(847,443)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(42,525)	(847,443)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(1,119,590)	1,285,098
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	1,832,672	547,574
19.2 End of year (Line 18 plus Line 19.1)	713,083	1,832,672

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business		1	2	3	4
		Net Premiums Written per Column 6, Part 1B	Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 1	Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire	275,139	153,409	160,817	267,732
2.	Allied lines	154,584	86,939	90,002	151,520
3.	Farmowners multiple peril	350,205	177,104	183,678	343,631
4.	Homeowners multiple peril	4,507,407	2,442,542	2,615,268	4,334,680
5.	Commercial multiple peril	2,031,250	940,171	992,760	1,978,661
6.	Mortgage guaranty	0	0	0	0
8.	Ocean marine	0	0	0	0
9.	Inland marine	164,641	88,999	89,840	163,801
10.	Financial guaranty	0	0	0	0
11.1	Medical professional liability-occurrence	0	0	0	0
11.2	Medical professional liability-claims-made	0	0	0	0
12.	Earthquake	49,601	30,208	27,787	52,023
13.	Group accident and health	2,202	0	0	2,202
14.	Credit accident and health (group and individual)	0	0	0	0
15.	Other accident and health	0	0	0	0
16.	Workers' compensation	716,964	286,412	315,928	687,448
17.1	Other liability - occurrence	426,850	124,956	199,283	352,523
17.2	Other liability - claims-made	127	39	33	133
17.3	Excess workers' compensation	0	0	0	0
18.1	Products liability-occurrence	1,232	477	404	1,304
18.2	Products liability-claims-made	0	0	0	0
19.1,19.2	Private passenger auto liability	6,253,215	1,604,408	1,592,132	6,265,491
19.3,19.4	Commercial auto liability	1,341,017	562,668	635,542	1,268,142
21.	Auto physical damage	4,884,794	1,318,885	1,380,300	4,823,379
22.	Aircraft (all perils)	0	0	0	0
23.	Fidelity	0	0	0	0
24.	Surety	1	0	0	1
26.	Burglary and theft	933	330	301	961
27.	Boiler and machinery	0	0	0	0
28.	Credit	0	0	0	0
29.	International	0	0	0	0
30.	Warranty	0	0	0	0
31.	Reinsurance-nonproportional assumed property	0	0	0	0
32.	Reinsurance-nonproportional assumed liability	0	0	0	0
33.	Reinsurance-nonproportional assumed financial lines	0	0	0	0
34.	Aggregate write-ins for other lines of business	0	0	0	0
35.	TOTALS	21,160,161	7,817,546	8,284,075	20,693,632
DETAILS OF WRITE-INS					
3401.	.....	0	0	0	0
3402.	.....	0	0	0	0
3403.	.....	0	0	0	0
3498.	Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business		1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire	160,817				160,817
2.	Allied lines	90,002				90,002
3.	Farmowners multiple peril	183,678				183,678
4.	Homeowners multiple peril	2,615,268				2,615,268
5.	Commercial multiple peril	992,760				992,760
6.	Mortgage guaranty					0
8.	Ocean marine					0
9.	Inland marine	89,840				89,840
10.	Financial guaranty					0
11.1	Medical professional liability-occurrence					0
11.2	Medical professional liability-claims-made					0
12.	Earthquake	27,787				27,787
13.	Group accident and health					0
14.	Credit accident and health (group and individual)					0
15.	Other accident and health					0
16.	Workers' compensation	315,928				315,928
17.1	Other liability-occurrence	199,283				199,283
17.2	Other liability-claims-made	33				33
17.3	Excess workers' compensation					0
18.1	Products liability-occurrence	404				404
18.2	Products liability-claims-made					0
19.1,19.2	Private passenger auto liability	1,592,132				1,592,132
19.3,19.4	Commercial auto liability	635,542				635,542
21.	Auto physical damage	1,380,300				1,380,300
22.	Aircraft (all perils)					0
23.	Fidelity					0
24.	Surety					0
26.	Burglary and theft	301				301
27.	Boiler and machinery					0
28.	Credit					0
29.	International					0
30.	Warranty					0
31.	Reinsurance-nonproportional assumed property					0
32.	Reinsurance-nonproportional assumed liability					0
33.	Reinsurance-nonproportional assumed financial lines					0
34.	Aggregate write-ins for other lines of business	0	0	0	0	0
35.	TOTALS	8,284,075	0	0	0	8,284,075
36.	Accrued retrospective premiums based on experience					
37.	Earned but unbilled premiums					
38.	Balance (Sum of Lines 35 through 37)					8,284,075
DETAILS OF WRITE-INS						
3401.	.....					0
3402.	.....					0
3403.	.....					0
3498.	Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0	0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire		275,139	55,526	55,526		275,139
2. Allied lines		154,584	19,594	19,594		154,584
3. Farmowners multiple peril		350,205				350,205
4. Homeowners multiple peril	52,912,404	4,507,407	161,812	47,505,506	5,568,710	4,507,407
5. Commercial multiple peril		2,031,250				2,031,250
6. Mortgage guaranty						0
8. Ocean marine						0
9. Inland marine	1,777,486	164,641		1,612,626	164,860	164,641
10. Financial guaranty						0
11.1 Medical professional liability-occurrence						0
11.2 Medical professional liability-claims-made						0
12. Earthquake	421,220	49,601		383,118	38,102	49,601
13. Group accident and health		2,202				2,202
14. Credit accident and health (group and individual)						0
15. Other accident and health						0
16. Workers' compensation		716,964				716,964
17.1 Other liability-occurrence	1,483,239	426,850		1,483,239		426,850
17.2 Other liability-claims-made		127				127
17.3 Excess workers' compensation						0
18.1 Products liability-occurrence		1,232				1,232
18.2 Products liability-claims-made						0
19.1,19.2 Private passenger auto liability	45,220,760	6,253,215		45,136,621	84,139	6,253,215
19.3,19.4 Commercial auto liability		1,341,017				1,341,017
21. Auto physical damage	28,106,606	4,884,794		27,705,750	400,856	4,884,794
22. Aircraft (all perils)						0
23. Fidelity						0
24. Surety		1				1
26. Burglary and theft		933				933
27. Boiler and machinery						0
28. Credit						0
29. International						0
30. Warranty						0
31. Reinsurance-nonproportional assumed property	XXX					0
32. Reinsurance-nonproportional assumed liability	XXX					0
33. Reinsurance-nonproportional assumed financial lines	XXX					0
34. Aggregate write-ins for other lines of business	0	0	0	0	0	0
35. TOTALS	129,921,714	21,160,161	236,932	123,901,979	6,256,667	21,160,161
DETAILS OF WRITE-INS						
3401.						0
3402.						0
3403.						0
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0	0

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

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

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

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE GRANGE PROPERTY & CASUALTY INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire		223,695	41,332	182,363	19,850	33,926	168,287	62.9
2. Allied lines		71,809	23,656	48,153	16,640	18,740	46,053	30.4
3. Farmowners multiple peril		201,593		201,593	79,882	61,190	220,286	64.1
4. Homeowners multiple peril	40,078,200	3,241,293	40,185,813	3,133,680	567,746	712,867	2,988,559	68.9
5. Commercial multiple peril		1,097,994		1,097,994	1,311,432	1,213,146	1,196,280	60.5
6. Mortgage guaranty				0	0	0	0	0.0
8. Ocean marine				0	0	0	0	0.0
9. Inland marine	912,931	76,863	912,931	76,863	17,530	13,699	80,694	49.3
10. Financial guaranty				0	0	0	0	0.0
11.1 Medical professional liability-occurrence		367		367	0	0	367	0.0
11.2 Medical professional liability-claims-made				0	0	0	0	0.0
12. Earthquake				0	0	0	0	0.0
13. Group accident and health		3,984		3,984	12,371	12,803	3,551	161.3
14. Credit accident and health (group and individual)				0	0	0	0	0.0
15. Other accident and health				0	0	0	0	0.0
16. Workers' compensation		339,248		339,248	713,135	653,241	399,142	58.1
17.1 Other liability-occurrence		17,601		17,601	248,245	127,338	138,509	39.3
17.2 Other liability-claims-made		8,062		8,062	5,874	5,239	8,698	6,543.0
17.3 Excess workers' compensation				0	0	0	0	0.0
18.1 Products liability-occurrence		33		33	1,137	774	397	30.4
18.2 Products liability-claims-made				0	0	0	0	0.0
19.1,19.2 Private passenger auto liability	21,855,827	3,617,018	21,855,827	3,617,018	3,765,203	4,183,980	3,198,240	51.0
19.3,19.4 Commercial auto liability		560,943		560,943	1,083,774	939,753	704,963	55.6
21. Auto physical damage	17,064,279	2,807,196	17,064,279	2,807,196	(39,865)	(83,671)	2,851,003	59.1
22. Aircraft (all perils)				0	9	9	0	0.0
23. Fidelity				0	0	0	0	0.0
24. Surety				0	585	585	0	0.0
26. Burglary and theft				0	3	15	(12)	(1.3)
27. Boiler and machinery				0	0	0	0	0.0
28. Credit				0	0	0	0	0.0
29. International				0	0	0	0	0.0
30. Warranty				0	0	0	0	0.0
31. Reinsurance-nonproportional assumed property	XXX			0	0	0	0	0.0
32. Reinsurance-nonproportional assumed liability	XXX			0	0	0	0	0.0
33. Reinsurance-nonproportional assumed financial lines	XXX			0	0	0	0	0.0
34. Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0.0
35. TOTALS	79,911,238	12,267,699	80,083,838	12,095,099	7,803,552	7,893,634	12,005,016	58.0
DETAILS OF WRITE-INS								
3401.				0	0	0	0	0.0
3402.				0	0	0	0	0.0
3403.				0	0	0	0	0.0
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	0	0.0
3499. Totals (Lines 3401 through 3403 + 3498) (Line 34 above)	0	0	0	0	0	0	0	0.0

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE GRANGE PROPERTY & CASUALTY INSURANCE COMPANY

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

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire		11,461	6,612	4,849		18,291	3,290	19,850	13,730
2. Allied lines		10,276	2,546	7,730		9,397	487	16,640	8,824
3. Farmowners multiple peril		57,102		57,102		22,780		79,882	20,492
4. Homeowners multiple peril	2,706,432	333,648	2,722,831	317,249	3,097,550	257,300	3,104,353	567,746	231,345
5. Commercial multiple peril		642,285		642,285		669,147		1,311,432	663,986
6. Mortgage guaranty				0				0	
8. Ocean marine				0				0	
9. Inland marine	38,934	12,845	38,934	12,845	42,242	4,685	42,242	17,530	4,504
10. Financial guaranty				0				0	
11.1 Medical professional liability-occurrence				0				0	
11.2 Medical professional liability-claims-made				0				0	
12. Earthquake				0		0		0	
13. Group accident and health		12,371		12,371				(a) 12,371	44
14. Credit accident and health (group and individual)				0				0	
15. Other accident and health				0				(a) 0	
16. Workers' compensation		435,134		435,134		278,001		713,135	118,284
17.1 Other liability-occurrence		143,151		143,151	546,135	105,095	546,135	248,245	13,054
17.2 Other liability-claims-made		5,820		5,820		54		5,874	74
17.3 Excess workers' compensation				0				0	
18.1 Products liability-occurrence		609		609		529		1,137	534
18.2 Products liability-claims-made				0				0	
19.1,19.2 Private passenger auto liability	11,874,712	2,646,821	11,874,712	2,646,821	8,260,649	1,118,382	8,260,649	3,765,203	935,440
19.3,19.4 Commercial auto liability		616,367		616,367		467,406		1,083,774	170,143
21. Auto physical damage	(1,112,880)	(179,724)	(1,112,880)	(179,724)	663,501	139,859	663,501	(39,865)	155,840
22. Aircraft (all perils)		9		9				9	
23. Fidelity				0				0	
24. Surety		585		585				585	
26. Burglary and theft				0		3		3	1
27. Boiler and machinery				0				0	
28. Credit				0				0	
29. International				0				0	
30. Warranty				0				0	
31. Reinsurance-nonproportional assumed property	XXX			0	XXX			0	
32. Reinsurance-nonproportional assumed liability	XXX			0	XXX			0	
33. Reinsurance-nonproportional assumed financial lines	XXX			0	XXX			0	
34. Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0	0
35. TOTALS	13,507,199	4,748,761	13,532,756	4,723,204	12,610,078	3,090,928	12,620,658	7,803,552	2,336,294
DETAILS OF WRITE-INS									
3401.				0				0	
3402.				0				0	
3403.				0				0	
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	0	0	0
3499. Totals (Lines 3401 through 3403 + 3498) (Line 34 above)	0	0	0	0	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	1,920,428			1,920,428
1.2 Reinsurance assumed	510,894			510,894
1.3 Reinsurance ceded	1,920,428			1,920,428
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	510,894	0	0	510,894
2. Commission and brokerage:				
2.1 Direct, excluding contingent		19,280,719		19,280,719
2.2 Reinsurance assumed, excluding contingent		3,223,751		3,223,751
2.3 Reinsurance ceded, excluding contingent		19,280,719		19,280,719
2.4 Contingent-direct		1,267,778		1,267,778
2.5 Contingent-reinsurance assumed		224,627		224,627
2.6 Contingent-reinsurance ceded		1,267,778		1,267,778
2.7 Policy and membership fees				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)	0	3,448,378	0	3,448,378
3. Allowances to manager and agents	2,702	56,379		59,081
4. Advertising	721	48,488	55	49,265
5. Boards, bureaus and associations	18,195	38,867		57,062
6. Surveys and underwriting reports		252,823	118	252,941
7. Audit of assureds' records		8,856		8,856
8. Salary and related items:				
8.1 Salaries	1,015,212	1,169,758	21,899	2,206,868
8.2 Payroll taxes	66,801	100,205	2,562	169,567
9. Employee relations and welfare	262,248	384,011	9,777	656,037
10. Insurance	14,923	17,595	3,178	35,697
11. Directors' fees	12,787	18,640	419	31,846
12. Travel and travel items	53,443	55,233	557	109,233
13. Rent and rent items	54,597	11,844	123,769	190,210
14. Equipment	35,442	55,938		91,379
15. Cost or depreciation of EDP equipment and software	20,228	33,371		53,599
16. Printing and stationery	8,679	22,914	163	31,755
17. Postage, telephone and telegraph, exchange and express	47,105	144,088	4,448	195,640
18. Legal and auditing	7,487	17,560	185	25,232
19. Totals (Lines 3 to 18)	1,620,569	2,436,569	167,130	4,224,268
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$		449,950		449,950
20.2 Insurance department licenses and fees		30,006		30,006
20.3 Gross guaranty association assessments		1,401		1,401
20.4 All other (excluding federal and foreign income and real estate)		6,456		6,456
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	0	487,812	0	487,812
21. Real estate expenses				0
22. Real estate taxes				0
23. Reimbursements by uninsured plans				0
24. Aggregate write-ins for miscellaneous expenses	143,676	291,134	41,023	475,834
25. Total expenses incurred	2,275,140	6,663,894	208,153 (a)	9,147,186
26. Less unpaid expenses-current year	2,336,294	1,194,290	2,223	3,532,806
27. Add unpaid expenses-prior year	2,258,927	979,150	186	3,238,264
28. Amounts receivable relating to uninsured plans, prior year	0	0	0	0
29. Amounts receivable relating to uninsured plans, current year				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	2,197,773	6,448,755	206,116	8,852,644
DETAILS OF WRITE-INS				
2401. Software Expense.....	96,215	94,702	4,739	195,656
2402. Miscellaneous Expense.....	(27,865)	88,483	33,163	93,781
2403. Donations.....	7,991	9,678	250	17,920
2498. Summary of remaining write-ins for Line 24 from overflow page	67,335	98,271	2,871	168,477
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	143,676	291,134	41,023	475,834

(a) Includes management fees of \$ 4,700,101 to affiliates and \$to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a).....174,473	.....177,058
1.1 Bonds exempt from U.S. tax	(a).....591,213	.....617,151
1.2 Other bonds (unaffiliated)	(a).....631,235	.....670,140
1.3 Bonds of affiliates	(a).....0	.....0
2.1 Preferred stocks (unaffiliated)	(b).....0	.....0
2.11 Preferred stocks of affiliates	(b).....0	.....0
2.2 Common stocks (unaffiliated)	.....0	.....0
2.21 Common stocks of affiliates	.....0	.....0
3. Mortgage loans	(c).....	.....
4. Real estate	(d).....	.....
5. Contract loans	.....	.....
6. Cash, cash equivalents and short-term investments	(e).....1,192	.....1,192
7. Derivative instruments	(f).....	.....
8. Other invested assets	.....	.....
9. Aggregate write-ins for investment income	.....895	.....895
10. Total gross investment income	1,399,008	1,466,436
11. Investment expenses		(g).....208,153
12. Investment taxes, licenses and fees, excluding federal income taxes		(g).....
13. Interest expense		(h).....
14. Depreciation on real estate and other invested assets		(i).....
15. Aggregate write-ins for deductions from investment income		.....0
16. Total deductions (Lines 11 through 15)		.....208,153
17. Net investment income (Line 10 minus Line 16)		1,258,283
DETAILS OF WRITE-INS		
0901. Securities Lending Income	.....895	.....895
0902. Miscellaneous Income	.....(1)	.....(1)
0903.	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page	.....0	.....0
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9 above)	895	895
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		.....0
1599. Totals (Lines 1501 through 1503) plus 1598 (Line 15 above)		0

- (a) Includes \$ 42,594 accrual of discount less \$ 311,667 amortization of premium and less \$ 62,594 paid for accrued interest on purchases.
- (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
- (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (f) Includes \$ accrual of discount less \$ amortization of premium.
- (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	.....	.....	.....0	.....	.....
1.1 Bonds exempt from U.S. tax	.....19,398	.....	.....19,398	.....	.....
1.2 Other bonds (unaffiliated)	.....44,616	.....	.....44,616	.....	.....
1.3 Bonds of affiliates	.....0	.....0	.....0	.....0	.....0
2.1 Preferred stocks (unaffiliated)	.....0	.....0	.....0	.....0	.....0
2.11 Preferred stocks of affiliates	.....0	.....0	.....0	.....0	.....0
2.2 Common stocks (unaffiliated)	.....0	.....0	.....0	.....0	.....0
2.21 Common stocks of affiliates	.....0	.....0	.....0	.....0	.....0
3. Mortgage loans	.....0	.....0	.....0	.....0	.....0
4. Real estate	.....0	.....0	.....0	.....0	.....0
5. Contract loans	.....0	.....0	.....0	.....0	.....0
6. Cash, cash equivalents and short-term investments	.....0	.....0	.....0	.....0	.....0
7. Derivative instruments	.....0	.....0	.....0	.....0	.....0
8. Other invested assets	.....0	.....0	.....0	.....0	.....0
9. Aggregate write-ins for capital gains (losses)	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses)	64,014	0	64,014	0	0
DETAILS OF WRITE-INS					
0901.			.....0		
0902.			.....0		
0903.			.....0		
0998. Summary of remaining write-ins for Line 9 from overflow page	.....0	.....0	.....0	.....0	.....0
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9 above)	0	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	.0	.0	.0
2. Stocks (Schedule D):			
2.1 Preferred stocks .....	.0	.0	.0
2.2 Common stocks .....	.0	.0	.0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....	.0	.0	.0
3.2 Other than first liens .....	.0	.0	.0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....	.0	.0	.0
4.2 Properties held for the production of income.....	.0	.0	.0
4.3 Properties held for sale .....	.0	.0	.0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	.0	.0	.0
6. Contract loans .....	.0	.0	.0
7. Derivatives (Schedule DB).....	.0	.0	.0
8. Other invested assets (Schedule BA) .....	.0	.0	.0
9. Receivables for securities .....	.0	.0	.0
10. Securities lending reinvested collateral assets (Schedule DL).....	.0	.0	.0
11. Aggregate write-ins for invested assets .....	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	.0	.0	.0
13. Title plants (for Title insurers only).....	.0	.0	.0
14. Investment income due and accrued .....	.0	.0	.0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	28,152	28,407	255
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	(675)	(345)	330
15.3 Accrued retrospective premiums.....	.0	.0	.0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers .....	.0	.0	.0
16.2 Funds held by or deposited with reinsured companies .....	.0	.0	.0
16.3 Other amounts receivable under reinsurance contracts .....	.0	.0	.0
17. Amounts receivable relating to uninsured plans .....	.0	.0	.0
18.1 Current federal and foreign income tax recoverable and interest thereon .....	.0	.0	.0
18.2 Net deferred tax asset.....	.0	6,951	6,951
19. Guaranty funds receivable or on deposit .....	.0	.0	.0
20. Electronic data processing equipment and software.....	.0	.0	.0
21. Furniture and equipment, including health care delivery assets .....	.0	.0	.0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....	.0	.0	.0
23. Receivables from parent, subsidiaries and affiliates .....	.0	.0	.0
24. Health care and other amounts receivable.....	.0	.0	.0
25. Aggregate write-ins for other than invested assets .....	.0	.0	.0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	27,477	35,013	7,536
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. Total (Lines 26 and 27)	27,477	35,013	7,536
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0
2501.			
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page .....	.0	.0	.0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	0	0	0

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE
GRANGE PROPERTY & CASUALTY INSURANCE COMPANY**

NOTES TO FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

A. Accounting Practices

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

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

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

C. Accounting Policy

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

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

In addition, the company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost using the interest method.
- (3) Common Stocks are stated at fair value except that investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 20 % or more are carried on the equity basis.
- (4) Preferred stocks are stated at cost.
- (5) Mortgage loans on real estate are stated at the aggregate carrying value less accrued interest.
- (6) Loan-backed securities are stated at either amortized cost or the lower of amortized cost or fair market value. The retrospective adjustment method is used to value all securities except for interest only securities or securities where the yield had become negative, that are valued using the prospective method.
- (7) The company has no investments in subsidiaries, controlled and affiliated entities.
- (8) The company has no ownership interests in joint ventures, partnerships and limited liability companies.
- (9) All derivatives are stated at fair value.
- (10) The Company does not anticipate investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, Property-Casualty Contracts - Premiums.
- (11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
- (12) The Company has not modified its capitalization policy from the prior period.
- (13) The Company does not have pharmaceutical rebate receivables.

2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

Accounting changes adopted to conform to the provisions of the NAIC Accounting Practices and Procedures manual are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle. The cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods. As a result of these changes, the Company reported a change of accounting principle, as an adjustment that increased (decreased) unassigned funds (surplus), of \$0 as of January 1, 2012.

3. BUSINESS COMBINATIONS AND GOODWILL

NONE

4. DISCONTINUED OPERATIONS

NONE

5. INVESTMENTS

A. MORTGAGE LOANS

NONE

B. DEBT RESTRUCTURING

NONE

C. REVERSE MORTGAGES

NONE

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE
GRANGE PROPERTY & CASUALTY INSURANCE COMPANY**

NOTES TO FINANCIAL STATEMENTS

D. LOAN-BACKED SECURITIES

- 1) Prepayment assumptions for single class and multi-class mortgage-backed/asset-backed securities were obtained from Hub Data and Bloomberg. These assumptions are consistent with the current interest rate and economic environment.
- 2) NONE
- 3) NONE
- 4) As impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):

a.

Aggregate Amount of Unrealized Losses:

1	Less than 12 Months	(6,866)
2	Greater than 12 Months	0

b)

The aggregate related fair value of securities with unrealized losses:

1	Less than 12 Months	214,038
2	Greater than 12 Months	0

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

E. REPURCHASE AGREEMENTS AND SECURITIES LENDING TRANSACTIONS

1. NONE
2. NONE
3. Collateral Received
 - a. Aggregate Amount Cash Collateral Received
 - i. NONE
 - ii. Securities Lending

	Fair Value
Open	2,356,495
30 Days or Less	0
31 to 60 Days	0
61 to 90 Days	0
Greater than 90 Days	0
Sub-Total	2,356,495
Securities Received	0
Total Collateral Received	2,356,495

iii. NONE

4. NONE
5. Collateral Reinvestment
 - a. Aggregate Amount Cash Collateral Reinvested
 1. NONE
 2. Securities Lending

	Amortized Cost	Fair Value
Open	2,356,495	2,356,504
30 Days or Less	0	0
31 to 60 Days	0	0
61 to 90 Days	0	0
Greater than 90 Days	0	0
Sub-Total	2,356,495	2,356,504
Securities Received	0	0
Total Collateral Reinvested	2,356,495	2,356,504

3. NONE

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES
NONE

7. INVESTMENT INCOME

NONE EXCLUDED

8. DERIVATIVE INSTRUMENTS
NONE

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE
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NOTES TO FINANCIAL STATEMENTS

9. FEDERAL INCOME

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

1.

12/31/2012		
(1)	(2)	(3)
Ordinary	Capital	(Col 1+2) Total
(a) Gross Deferred Tax Assets	\$ 849,307	\$ 849,307
(b) Statutory Valuation Allowance Adjustments	\$ 0	\$ 0
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	\$ 849,307	\$ 849,307
(d) Deferred Tax Assets Nonadmitted	\$ 0	\$ 0
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	\$ 849,307	\$ 849,307
(f) Deferred Tax Liabilities	\$ 67,116	\$ 67,116
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	\$ 782,191	\$ 782,191

12/31/2011		
(4)	(5)	(6)
Ordinary	Capital	(Col 4+5) Total
(a) Gross Deferred Tax Assets	\$ 818,225	\$ 818,225
(b) Statutory Valuation Allowance Adjustments	\$ 0	\$ 0
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	\$ 818,225	\$ 818,225
(d) Deferred Tax Assets Nonadmitted	\$ 6,951	\$ 6,951
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	\$ 811,274	\$ 811,274
(f) Deferred Tax Liabilities	\$ 36,007	\$ 36,007
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	\$ 775,267	\$ 775,267

Change		
(7)	(8)	(9)
(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
(a) Gross Deferred Tax Assets	\$ 31,082	\$ 31,082
(b) Statutory Valuation Allowance Adjustments	\$ 0	\$ 0
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	\$ 31,082	\$ 31,082
(d) Deferred Tax Assets Nonadmitted	\$ (6,951)	\$ (6,951)
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	\$ 38,033	\$ 38,033
(f) Deferred Tax Liabilities	\$ 31,109	\$ 31,109
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	\$ 6,924	\$ 6,924

2.

12/31/2012		
(1)	(2)	(3)
Ordinary	Capital	(Col 1+2) Total
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ 753,067	\$ 753,067
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below)	\$ 53,567	\$ 53,567
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	\$ 53,567	\$ 53,567
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.		\$ 3,740,568
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.	\$ 42,673	\$ 42,673
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101.		
Total (2(a) + 2(b) + 2(c))	\$ 849,307	\$ 849,307

Admission Calculation Components SSAP No. 101

12/31/2011		
(4)	(5)	(6)
Ordinary	Capital	(Col 4+5) Total
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ 667,507	\$ 667,507
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The	\$ 0	\$ 0

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE
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NOTES TO FINANCIAL STATEMENTS

Lesser of 2(b)1 and 2(b)2 Below)

1.	Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	\$	0	\$	0	\$	0
2.	Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.					\$	2,138,300
(c)	Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.	\$	36,007	\$	0	\$	36,007
(d)	Deferred Tax Assets Admitted as the result of application of SSAP No. 101.						
	Total (2(a) + 2(b) + 2(c))	\$	703,514	\$	0	\$	703,514

Change		
(7)	(8)	(9)
(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total

(a)	Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$	85,560	\$	0	\$	85,560
(b)	Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below)	\$	53,567	\$	0	\$	53,567
1.	Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	\$	53,567	\$	0	\$	53,567
2.	Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.		<u>XXX</u>		<u>XXX</u>	\$	1,602,268
(c)	Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.	\$	6,666	\$	0	\$	6,666
(d)	Deferred Tax Assets Admitted as the result of application of SSAP No. 101.						
	Total (2(a) + 2(b) + 2(c))	\$	145,793	\$	0	\$	145,793

3.

2012	2011
------	------

(a)	Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.	.....	1,679.000	.....	1,550.700
(b)	Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above.	\$	25,720,918	\$	21,880,971

4.

12/31/2012		
(1)	(2)	(3)
Ordinary Percent	Capital Percent	(Col 1+2) Total Percent

Impact of Tax-Planning Strategies

(a)	Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	.....	0.0	.....	0.0	.....	0.0
(b)	Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	.....	0.0	.....	0.0	.....	0.0

12/31/2011		
(4)	(5)	(6)
Ordinary Percent	Capital Percent	(Col 4+5) Total Percent

(a)	Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	.....	0.0	.....	0.0	.....	0.0
(b)	Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	.....	0.0	.....	0.0	.....	0.0

Change		
(7)	(8)	(9)
(Col 1-4) Ordinary Percent	(Col 2-5) Capital Percent	(Col 7+8) Total Percent

(a)	Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	.....	0.0	.....	0.0	.....	0.0
(b)	Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	.....	0.0	.....	0.0	.....	0.0

(c) Does the Company's tax-planning strategies include the use of reinsurance? Yes..... No.....X.....

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

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

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NOTES TO FINANCIAL STATEMENTS

	(1)	(2)	(3)
	12/31/2012	12/31/2011	(Col 1-2) Change
1. Current Income Tax			
(a) Federal	\$ 1,169,971	\$ 876,109	\$ 293,862
(b) Foreign	\$ 0	\$ 0	\$ 0
(c) Subtotal	\$ 1,169,971	\$ 876,109	\$ 293,862
(d) Federal income tax on net capital gains	\$ 22,405	\$ 120,624	\$ (98,219)
(e) Utilization of capital loss carry-forwards	\$ 0	\$ 0	\$ 0
(f) Other	\$ 0	\$ (9,185)	\$ 9,185
(g) Federal and foreign income taxes incurred	\$ 1,192,376	\$ 987,548	\$ 204,828
2. Deferred Tax Assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 259,805	\$ 261,175	\$ (1,370)
(2) Unearned premium reserve	\$ 579,885	\$ 547,228	\$ 32,657
(3) Policyholder reserves	\$ 0	\$ 0	\$ 0
(4) Investments	\$ 0	\$ 0	\$ 0
(5) Deferred acquisition costs	\$ 0	\$ 0	\$ 0
(6) Policyholder dividends accrual	\$ 0	\$ 0	\$ 0
(7) Fixed assets	\$ 0	\$ 0	\$ 0
(8) Compensation and benefits accrual	\$ 0	\$ 0	\$ 0
(9) Pension accrual	\$ 0	\$ 0	\$ 0
(10) Receivables - nonadmitted	\$ 9,617	\$ 9,822	\$ (205)
(11) Net operating loss carry-forward	\$ 0	\$ 0	\$ 0
(12) Tax credit carry-forward	\$ 0	\$ 0	\$ 0
(13) Other (including items <5% of total ordinary tax assets)	\$ 0	\$ 0	\$ 0
(99) Subtotal	\$ 849,307	\$ 818,225	\$ 31,082
(b) Statutory valuation allowance adjustment	\$ 0	\$ 0	\$ 0
(c) Nonadmitted	\$ 0	\$ 6,951	\$ (6,951)
(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	\$ 849,307	\$ 811,274	\$ 38,033
(e) Capital:			
(1) Investments	\$ 0	\$ 0	\$ 0
(2) Net capital loss carry-forward	\$ 0	\$ 0	\$ 0
(3) Real estate	\$ 0	\$ 0	\$ 0
(4) Other (including items <5% of total capital tax assets)	\$ 0	\$ 0	\$ 0
(99) Subtotal	\$ 0	\$ 0	\$ 0
(f) Statutory valuation allowance adjustment	\$ 0	\$ 0	\$ 0
(g) Nonadmitted	\$ 0	\$ 0	\$ 0
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)	\$ 0	\$ 0	\$ 0
(i) Admitted deferred tax assets (2d + 2h)	\$ 849,307	\$ 811,274	\$ 38,033
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	\$ 57,050	\$ 25,221	\$ 31,829
(2) Fixed assets	\$ 0	\$ 0	\$ 0
(3) Deferred and uncollected premium	\$ 0	\$ 0	\$ 0
(4) Policyholder reserves	\$ 10,066	\$ 10,786	\$ (720)
(5) Other (including items <5% of total ordinary tax liabilities)	\$ 0	\$ 0	\$ 0
(99) Subtotal	\$ 67,116	\$ 36,007	\$ 31,109
(b) Capital:			
(1) Investments	\$ 0	\$ 0	\$ 0
(2) Real estate	\$ 0	\$ 0	\$ 0
(3) Other (including items <5% of total capital tax liabilities)	\$ 0	\$ 0	\$ 0
(99) Subtotal	\$ 0	\$ 0	\$ 0
(c) Deferred tax liabilities (3a99 + 3b99)	\$ 67,116	\$ 36,007	\$ 31,109
4. Net deferred tax assets/liabilities (2i - 3c)	\$ 782,191	\$ 775,267	\$ 6,924

D. Reconciliation of federal income tax rate to actual effective rate:

The provision for federal income tax incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before taxes. The significant items causing this difference are as follows:

	Amount	Tax Effect	Effective Tax Rate
1. Description:			
(a) Income Before Taxes	\$ 3,930,859	\$ 1,375,801	35.00%
(b) Tax-Exempt Interest	\$ (617,151)	\$ (216,003)	(5.50%)
(c) Dividends Received Deduction	\$ 0	\$ 0	0.00%
(d) Proration	\$ 92,573	\$ 32,400	0.82%

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NOTES TO FINANCIAL STATEMENTS

(e) Meals & Entertainment	\$	\$	0.00%
(f) Statutory Valuation Allowance	\$	\$	0.00%
(g) Foreign Taxes	\$	\$	0.00%
(h) Other, Including Prior Year True-up	\$ 585	\$ 205	0.01%
Total	\$ 3,406,866	\$ 1,192,403	30.33%

2. Description:

(a) Federal Income Tax Incurred [Expense/(Benefit)]	\$ 1,169,971	29.76%
(b) Tax on Capital Gains/(Losses)	\$ 22,405	0.57%
(c) Change in Net Deferred Income Tax [Charge/(Benefit)]	\$ 27	0.00%
Total	\$ 1,192,403	30.33%

E. Carryforwards, recoverable taxes, and IRC S6603 deposits:

1. At December 31, 2012, the Company had net operating loss carry forwards of: \$ 0
- At December 31, 2012, the Company had capital loss carry forwards of: \$ 0
- At December 31, 2012, the Company had AMT credit carry forwards, which do not expire, in the amount of: \$ 0

2. The following is income tax expense for 2010, 2011, and 2012 that is available for recoupment in the event of future net losses:

Year	Ordinary	Capital	Total
2010	\$ 0	\$ 0	\$ 0
2011	\$ 876,109	\$ 120,624	\$ 996,733
2012	\$ 1,169,971	\$ 22,405	\$ 1,192,376
Total	\$ 2,046,080	\$ 143,029	\$ 2,189,109

3. Deposits admitted under IRC S6603:
NONE

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

1. Grange Mutual Casualty Company
2. The method of allocation among companies is subject to a written agreement, approved by the Board of Directors, whereby allocation is made primarily on a separate company basis with current credit for losses.

G. Income tax loss contingencies:
NONE

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

- A. NONE
- B. NONE
- C. NONE
- D. At December 31, 2012, the Company reported \$1,228,888 as amounts due from the Parent Company, Grange Mutual Casualty Company. The terms of the settlement require that these amounts be settled within 45 days.
- E. NONE
- F. NONE
- G. All outstanding shares of The Company are owned by the Parent Company, Grange Mutual Casualty Company, an insurance holding company domiciled in the State of Ohio.
- H. NONE
- I. NONE
- J. NONE
- K. NONE
- L. NONE

11. DEBT
NONE

12. RETIREMENT PLANS AND DEFERRED COMPENSATION

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

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

1. The Company has 1,000 shares authorized, 1,000 shares issued and 1,000 shares outstanding. All shares are Class A shares.
2. The Company has no preferred stock outstanding.
3. NONE
4. NONE
5. NONE
6. NONE
7. NONE
8. NONE
9. NONE
10. NONE
11. NONE
12. NONE
13. NONE

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE
GRANGE PROPERTY & CASUALTY INSURANCE COMPANY**

NOTES TO FINANCIAL STATEMENTS

14. CONTINGENCIES

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

15. LEASES

NONE

16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATION OF CREDIT RISK.

NONE

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

- A. NONE
- B. Transfer and Servicing of Financial Assets
 - 1) None
 - 2) The Company participates in a securities lending program with JPMorgan Chase Bank as lending agent. Securities on loan as of December 31, 2012 were fixed income bonds, totaling \$2.3 million. Collateral received from lending activities is maintained in accordance to the securities lending agreement, whereby the collateral requirement shall be an amount equal to 102% of the then current market value of the relevant loaned securities where securities and collateral are denominated in the same currency, and 105% for all other securities. The Company's lending agent, JPMorgan Chase Bank, reinvests the cash collateral according to investment guidelines outlined in the securities lending agreement and is reported on-balance sheet. Collateral received in the form of securities are restricted and off-balance sheet. The Company is not able to sell or reinvest the securities received as collateral and according to the MLSA, the borrower bears all the risk associated with said securities.
- C. NONE

18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED A&H PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS.

NONE

19. DIRECT PREMIUM WRITTEN / PRODUCED BY MANAGING GENERAL AGENTS / THIRD PARTY ADMINISTRATORS

NONE

20. FAIR VALUE MEASUREMENTS

- A. All assets and liabilities of The Company are measured and reported at cost or amortized cost in accordance with footnote 1 above.
 - 1. NONE
 - 2. None
 - 3. The Company's policy is to recognize transfers in and out as of the end of the reporting period.
 - 4. As of December 31, 2012, the reported fair value of The Company's investments categorized within Level 2 and Level 3 of the fair value hierarchy are as follows: According to statutory accounting rules, fixed income securities with a rating of NAIC 1 or 2 are reported at amortized cost. Securities with a rating of NAIC 3 thru 6, or non-investment grade ratings, are measured and reported at the lower of amortized cost or fair value on the statement of financial position. As of December 31, 2012, The Company did not own bonds rated NAIC 3 thru 6 and therefore did not report any securities at fair value.

21. OTHER ITEMS

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

22. EVENTS SUBSEQUENT

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

23. REINSURANCE

A. UNSECURED REINSURANCE RECOVERABLES

NONE

B. REINSURANCE RECOVERABLE IN DISPUTE

NONE

C. REINSURANCE ASSUMED AND CEDED

1.	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	8,284,075	1,491,134	50,778,530	9,140,135	(42,494,455)	(7,649,002)
b. All Other	128,874	23,197	28,550	5,139	100,325	18,058
c. TOTAL	8,412,950	1,514,331	50,807,080	9,145,274	(42,394,130)	(7,630,943)
d. Direct Unearned Premium Reserve			50,678,206			
2. Contingent Commission		1,267,778		224,627		1,267,778
						224,627

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NOTES TO FINANCIAL STATEMENTS

D. UNCOLLECTIBLE REINSURANCE
NONE

E. COMMUTATION OF CEDED REINSURANCE
NONE

F. RETROACTIVE REINSURANCE
NONE

24. RETROSPECTIVELY RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION
NONE

25. CHANGES IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

Reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years has increased (decreased) by (\$0.870) million from \$15.333 million in 2011 to \$14.463 million in 2012 as a result of re-estimation of unpaid losses and loss adjustment expenses principally on private passenger auto liability and homeowners lines of insurance. This increase (decrease) is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims. Included in this increase (decrease), the Company experienced \$0 million of unfavorable (favorable) prior year loss development on retrospectively rated policies. However, since the business to which it relates is subject to premium adjustments, there was no significant impact on surplus.

LOSSES AND LAE	2012	2011
BALANCE JANUARY 1	15,332,999	14,071,219
LESS REINSURANCE RECOVERABLES	<u>5,180,438</u>	<u>3,551,320</u>
NET BALANCE JANUARY 1	<u>10,152,561</u>	<u>10,519,899</u>
INCURRED RELATED TO:		
CURRENT YEAR	15,149,894	15,945,996
PRIOR YEAR	<u>(869,738)</u>	<u>(1,234,042)</u>
TOTAL INCURRED	<u>14,280,156</u>	<u>14,711,954</u>
PAID RELATED TO:		
CURRENT YEAR	9,953,866	10,523,940
PRIOR YEAR	<u>4,339,005</u>	<u>4,555,352</u>
TOTAL PAID	<u>14,292,871</u>	<u>15,079,292</u>
NET BALANCE AT DECEMBER 31	10,139,846	10,152,561
PLUS REINSURANCE RECOVERABLES	<u>5,907,012</u>	<u>5,180,438</u>
BALANCE AT DECEMBER 31	<u>16,046,858</u>	<u>15,332,999</u>

26. INTERCOMPANY POOLING AGREEMENTS

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

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

27. STRUCTURED SETTLEMENTS
NONE

28. HEALTH CARE RECEIVABLES
NONE

29. PARTICIPATING POLICIES
NONE

30. PREMIUM DEFICIENCY RESERVES

- A. Liability carried for Premium Deficiency Reserves is zero.
- B. Date of the most recent evaluation of this liability was 12/31/2012.
- C. Anticipated investment income was not utilized in this calculation.

31. HIGH DEDUCTIBLES
NONE

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

33. ASBESTOS/ENVIRONMENTAL RESERVES
NONE

34. SUBSCRIBER SAVINGS ACCOUNTS
Not applicable

35. MULTIPLE PERIL CROP INSURANCE
NONE

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE
GRANGE PROPERTY & CASUALTY INSURANCE COMPANY**

NOTES TO FINANCIAL STATEMENTS

36. FINANCIAL GUARANTY INSURANCE
NONE

37. CATASTROPHIC PLANNING

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [] No []
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [] No [] N/A []
- 1.3 State Regulating? Ohio.....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No []
- 2.2 If yes, date of change:10/04/2012
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.12/31/2009
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.12/31/2009
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).10/25/2010
- 3.4 By what department or departments? Ohio.....
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [] No [] N/A []
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [] No [] N/A []
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [] No []
- 4.12 renewals? Yes [] No []
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [] No []
- 4.22 renewals? Yes [] No []
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No []
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No []
- 6.2 If yes, give full information
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No []
- 7.2 If yes,
- 7.21 State the percentage of foreign control
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

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

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
 PricewaterhouseCoopers LLP, Columbus, Ohio.....
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]
 10.2 If the response to 10.1 is yes, provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]
 10.4 If the response to 10.3 is yes, provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [] N/A []
 10.6 If the response to 10.5 is no or n/a, please explain

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
 Kenneth Lin, FCAS, MAAA, Officer of the Reporting Entity.....
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
 12.11 Name of real estate holding company
 12.12 Number of parcels involved
 12.13 Total book/adjusted carrying value \$.....
- 12.2 If yes, provide explanation

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []
 a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 c. Compliance with applicable governmental laws, rules and regulations;
 d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 e. Accountability for adherence to the code.
- 14.11 If the response to 14.1 is no, please explain:
- 14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]
 14.21 If the response to 14.2 is yes, provide information related to amendment(s)
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

GENERAL INTERROGATORIES

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [] No [X]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes [X] No []
17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [X] No []
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No []

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- | | | |
|--|---|----------|
| | 20.11 To directors or other officers | \$.....0 |
| | 20.12 To stockholders not officers | \$.....0 |
| | 20.13 Trustees, supreme or grand (Fraternal only) | \$.....0 |
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- | | | |
|--|---|----------|
| | 20.21 To directors or other officers | \$.....0 |
| | 20.22 To stockholders not officers | \$.....0 |
| | 20.23 Trustees, supreme or grand (Fraternal only) | \$.....0 |
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- | | | |
|--|----------------------------|----------|
| | 21.21 Rented from others | \$.....0 |
| | 21.22 Borrowed from others | \$.....0 |
| | 21.23 Leased from others | \$.....0 |
| | 21.24 Other | \$.....0 |
- 22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 22.2 If answer is yes:
- | | | |
|--|--|----------|
| | 22.21 Amount paid as losses or risk adjustment | \$.....0 |
| | 22.22 Amount paid as expenses | \$.....0 |
| | 22.23 Other amounts paid | \$.....0 |
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No []
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$.....1,228,888

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes [] No [X]
- 24.02 If no, give full and complete information, relating thereto
On deposit in custodial account.....
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
See Notes to Financial Statement Number 17.....
- 24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [X] No [] NA []
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$.....2,356,495
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$.....
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [X] No [] NA []
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [X] No [] NA []
- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [X] No [] NA []
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- | | | |
|--------|---|------------------|
| 24.101 | Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 | \$.....2,356,504 |
| 24.102 | Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 | \$.....2,356,495 |
| 24.103 | Total payable for securities lending reported on the liability page | \$.....2,356,495 |

GENERAL INTERROGATORIES

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

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

25.21 Subject to repurchase agreements	\$
25.22 Subject to reverse repurchase agreements	\$
25.23 Subject to dollar repurchase agreements	\$
25.24 Subject to reverse dollar repurchase agreements	\$
25.25 Pledged as collateral	\$
25.26 Placed under option agreements	\$
25.27 Letter stock or securities restricted as to sale	\$
25.28 On deposit with state or other regulatory body	\$1,698,284
25.29 Other	\$

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

- 29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D - Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [] No []
- 29.2 If yes, complete the following schedule:

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

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

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	40,232,488	43,449,633	3,217,145
30.2 Preferred Stocks.....	0	0	0
30.3 Totals	40,232,488	43,449,633	3,217,145

- 30.4 Describe the sources or methods utilized in determining the fair values:
 Fair values obtained primarily from Hub data, otherwise fair values from custodian statements are used.....
- 31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [] No []
- 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [] No []
- 31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:
- 32.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed? Yes [] No []
- 32.2 If no, list exceptions:

GENERAL INTERROGATORIES

OTHER

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

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
 1.2 If yes, indicate premium earned on U. S. business only \$0
 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$0

1.3.1 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$0
 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$0

1.6 Individual policies:

Most current three years:

1.6.1 Total premium earned \$0
 1.6.2 Total incurred claims \$0
 1.6.3 Number of covered lives 0

All years prior to most current three years:

1.6.4 Total premium earned \$0
 1.6.5 Total incurred claims \$0
 1.6.6 Number of covered lives 0

1.7 Group policies:

Most current three years:

1.7.1 Total premium earned \$0
 1.7.2 Total incurred claims \$0
 1.7.3 Number of covered lives 0

All years prior to most current three years:

1.7.4 Total premium earned \$0
 1.7.5 Total incurred claims \$0
 1.7.6 Number of covered lives 0

2. Health Test:

		1		2
		Current Year		Prior Year
2.1	Premium Numerator	\$0	\$	.....0
2.2	Premium Denominator	\$20,693,632	\$	.....20,869,981
2.3	Premium Ratio (2.1/2.2)	.....0.000		.....0.000
2.4	Reserve Numerator	\$12,415	\$	.....12,829
2.5	Reserve Denominator	\$18,423,921	\$	.....17,970,108
2.6	Reserve Ratio (2.4/2.5)	.....0.001		.....0.001

3.1 Does the reporting entity issue both participating and non-participating policies? Yes [] No [X]
 3.2 If yes, state the amount of calendar year premiums written on:

3.2.1 Participating policies \$0
 3.2.2 Non-participating policies \$0

4. For Mutual reporting entities and Reciprocal Exchanges only:

4.1 Does the reporting entity issue assessable policies? Yes [] No [X]
 4.2 Does the reporting entity issue non-assessable policies? Yes [X] No []
 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? %
 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$0

5. For Reciprocal Exchanges Only:

5.1 Does the exchange appoint local agents? Yes [] No [X]
 5.2 If yes, is the commission paid:
 5.2.1 Out of Attorney's-in-fact compensation Yes [] No [] N/A [X]
 5.2.2 As a direct expense of the exchange Yes [] No [] N/A [X]

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

5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes [] No [X]
 5.5 If yes, give full information

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss:
 Purchased statutory workers' compensation reinsurance.....
- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
 See Notes to Financial Statement Number 37.....
- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?.....
 See Notes to Financial Statement Number 37.....
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?..... Yes No
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss

- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?..... Yes No
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions.....
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?..... Yes No
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured?..... Yes No
- 8.2 If yes, give full information

- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
 (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
 (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
 (c) Aggregate stop loss reinsurance coverage;
 (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
 (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
 (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity..... Yes No
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
 (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
 (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes No
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
 (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
 (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
 (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
 (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
 (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes No
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
 (a) The entity does not utilize reinsurance; or, Yes No
 (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes No
 (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes No
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes No N/A

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force:..... Yes [] No [X]
 11.2 If yes, give full information
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
 12.11 Unpaid losses..... \$0
 12.12 Unpaid underwriting expenses (including loss adjustment expenses)..... \$0
 12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds?..... \$0
 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [] No [X] N/A []
 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
 12.41 From..... %
 12.42 To..... %
 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [] No [X]
 12.6 If yes, state the amount thereof at December 31 of current year:
 12.61 Letters of Credit..... \$
 12.62 Collateral and other funds..... \$
 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$2,000,000
 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [] No [X]
 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount.1
 14.1 Is the company a cedant in a multiple cedant reinsurance contract?..... Yes [X] No []
 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
 See Notes to Financial Statement Number 26. Catastrophe Excess Loss Agreement allocated based on percentage of participation.....
 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts?..... Yes [X] No []
 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements?..... Yes [] No []
 14.5 If the answer to 14.4 is no, please explain:

 15.1 Has the reporting entity guaranteed any financed premium accounts?..... Yes [] No [X]
 15.2 If yes, give full information
- 16.1 Does the reporting entity write any warranty business? Yes [] No [X]
 If yes, disclose the following information for each of the following types of warranty coverage:

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

* Disclose type of coverage:

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

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

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

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE GRANGE PROPERTY & CASUALTY INSURANCE COMPANY

FIVE-YEAR HISTORICAL DATA

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

	1 2012	2 2011	3 2010	4 2009	5 2008
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	55,443,402	42,056,576	43,891,719	40,473,711	22,625,651
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	35,910,124	25,213,354	25,921,830	24,850,721	14,278,276
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	59,963,079	48,181,161	41,940,518	31,751,896	17,841,852
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	2,203	2,115	2,762	3,837	3,680
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
6. Total (Line 35)	151,318,807	115,453,206	111,756,829	97,080,165	54,749,459
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	8,739,404	8,591,774	9,335,775	9,336,888	8,779,122
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	5,529,692	5,521,167	6,136,413	6,442,936	6,220,669
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	6,888,862	6,453,795	6,654,429	6,637,289	6,401,541
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	2,203	2,115	2,762	3,837	3,680
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
12. Total (Line 35)	21,160,161	20,568,851	22,129,379	22,420,950	21,405,012
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(250,418)	(364,998)	(784,948)	(1,075,034)	46,242
14. Net investment gain (loss) (Line 11)	1,299,892	1,460,000	1,385,347	1,361,185	1,171,392
15. Total other income (Line 15)	2,921,955	2,278,164	2,367,387	1,755,442	470,659
16. Dividends to policyholders (Line 17)	62,975	61,076	64,713	59,182	60,934
17. Federal and foreign income taxes incurred (Line 19)	1,169,971	866,924	613,170	661,716	470,732
18. Net income (Line 20)	2,738,483	2,445,166	2,289,903	1,320,695	1,156,627
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	48,908,215	43,534,548	41,181,110	39,028,434	36,513,135
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	3,900,934	3,674,483	3,889,119	4,101,832	3,912,128
20.2 Deferred and not yet due (Line 15.2)	(4,467)	(3,758)	(5,079)	2,147	9,710
20.3 Accrued retrospective premiums (Line 15.3)	0	0	0	0	0
21. Total liabilities excluding protected cell business (Page 3, Line 26)	23,187,297	20,559,622	20,551,465	20,479,002	19,690,684
22. Losses (Page 3, Line 1)	7,803,552	7,893,634	8,083,542	7,991,045	7,783,981
23. Loss adjustment expenses (Page 3, Line 3)	2,336,294	2,258,927	2,436,357	2,449,608	2,469,197
24. Unearned premiums (Page 3, Line 9)	8,284,075	7,817,546	8,118,675	8,397,920	7,944,009
25. Capital paid up (Page 3, Lines 30 & 31)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
26. Surplus as regards policyholders (Page 3, Line 37)	25,720,918	22,974,926	20,629,645	18,549,432	16,822,451
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	3,529,294	1,896,224	1,963,561	1,959,326	(548,886)
Risk-Based Capital Analysis					
28. Total adjusted capital	25,720,918	22,974,926	20,629,645	18,549,432	16,822,451
29. Authorized control level risk-based capital	1,535,840	1,530,954	1,653,062	1,728,844	1,629,759
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3)(Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1)	92.8	93.5	98.5	98.3	82.3
31. Stocks (Lines 2.1 & 2.2)	0.0	0.0	0.0	0.0	0.0
32. Mortgage loans on real estate (Lines 3.1 and 3.2)	0.0	0.0	0.0	0.0	0.0
33. Real estate (Lines 4.1, 4.2 & 4.3)	0.0	0.0	0.0	0.0	0.0
34. Cash, cash equivalents and short-term investments (Line 5)	1.7	4.9	1.5	1.7	17.7
35. Contract loans (Line 6)	0.0	0.0	0.0	0.0	0.0
36. Derivatives (Line 7)	0.0	0.0	0.0	XXX	XXX
37. Other invested assets (Line 8)	0.0	0.0	0.0	0.0	0.0
38. Receivables for securities (Line 9)	0.0	0.0	0.0	0.0	0.0
39. Securities lending reinvested collateral assets (Line 10)	5.5	1.6	0.0	XXX	XXX
40. Aggregate write-ins for invested assets (Line 11)	0.0	0.0	0.0	0.0	0.0
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)	0	0	0	0	0
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)	0	0	0	0	0
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	0	0	0	0	0
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)	0	0	0	0	0
46. Affiliated mortgage loans on real estate	0	0	0	0	0
47. All other affiliated	0	0	0	0	0
48. Total of above Lines 42 to 47	0	0	0	0	0
49. Total Investment in parent included in Lines 42 to 47 above					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)	0.0	0.0	0.0	0.0	0.0

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2012	2 2011	3 2010	4 2009	5 2008
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	0	(50,266)	(56,667)	107,244	0
52. Dividends to stockholders (Line 35)	0	0	0	0	0
53. Change in surplus as regards policyholders for the year (Line 38)	2,745,992	2,345,281	2,080,213	1,726,981	6,171,136
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	26,399,099	25,606,922	27,190,586	20,713,327	8,091,400
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	21,156,773	14,244,824	14,735,447	13,461,947	6,353,231
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	44,619,080	43,589,438	32,274,610	19,287,344	7,702,258
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	3,984	3,698	3,847	4,573	7,268
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
59. Total (Line 35)	92,178,937	83,444,882	74,204,490	53,467,191	22,154,157
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	4,543,272	5,014,716	5,469,379	5,260,527	5,034,794
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	3,114,575	3,373,290	3,490,760	3,600,083	3,512,917
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	4,433,268	4,339,205	4,644,445	4,464,394	3,842,209
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	3,984	3,698	3,847	4,573	7,268
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
65. Total (Line 35)	12,095,099	12,730,909	13,608,431	13,329,577	12,397,188
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2)	58.0	60.1	61.1	61.6	57.4
68. Loss expenses incurred (Line 3)	11.0	10.4	10.6	10.4	10.4
69. Other underwriting expenses incurred (Line 4)	32.2	31.3	31.8	32.9	32.0
70. Net underwriting gain (loss) (Line 8)	(1.2)	(1.7)	(3.5)	(4.9)	0.2
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	17.7	20.6	21.5	24.4	29.8
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	69.0	70.5	71.7	72.0	67.8
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)	82.3	89.5	107.3	120.9	127.2
One Year Loss Development (000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	(546)	(905)	(581)	(284)	(540)
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100.0)	(2.4)	(4.4)	(3.1)	(1.7)	(5.1)
Two Year Loss Development (000 omitted)					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12)	(1,040)	(1,030)	(581)	(911)	(1,139)
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0)	(5.0)	(5.6)	(3.5)	(8.6)	(10.7)

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

Yes [] No []

If no, please explain

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

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX	16	5	10	0	1	0	5	21	XXX
2. 2003	19,500	733	18,768	11,667	746	546	13	1,451	1	558	12,904	XXX
3. 2004	20,705	693	20,011	10,227	144	511	4	1,562	0	581	12,152	XXX
4. 2005	21,012	767	20,246	9,957	97	461	12	1,535	0	577	11,844	XXX
5. 2006	21,869	906	20,963	11,342	512	417	2	1,782	0	574	13,027	XXX
6. 2007	22,719	774	21,945	12,433	477	413	3	1,691	0	673	14,056	XXX
7. 2008	22,449	1,038	21,411	13,856	1,422	411	20	1,825	1	629	14,649	XXX
8. 2009	23,134	1,167	21,967	13,248	358	316	1	1,823	0	677	15,028	XXX
9. 2010	23,548	1,140	22,409	12,721	137	232	0	1,915	0	743	14,731	XXX
10. 2011	22,125	1,255	20,870	12,860	1,825	153	7	1,839	0	614	13,020	XXX
11. 2012	21,855	1,161	20,694	8,892	457	60	1	1,460	0	369	9,954	XXX
12. Totals	XXX	XXX	XXX	117,218	6,179	3,530	64	16,884	4	6,000	131,384	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1.	307	251	3	0	1	4	0	0	6	0	0	61	XXX
2.	566	550	0	0	0	0	5	0	3	0	2	23	XXX
3.	1,717	1,691	1	0	0	0	7	0	5	0	3	39	XXX
4.	226	176	4	0	0	0	14	0	4	0	6	72	XXX
5.	342	301	9	0	0	0	24	0	4	0	10	77	XXX
6.	1,169	1,048	16	0	0	0	43	0	15	0	16	196	XXX
7.	429	181	28	0	0	0	71	0	19	0	23	366	XXX
8.	510	137	37	0	0	0	128	0	31	0	40	569	XXX
9.	2,048	1,263	170	0	0	0	249	0	73	0	73	1,278	XXX
10.	1,375	124	513	0	0	0	358	0	141	0	117	2,263	XXX
11.	2,497	127	1,743	59	1	0	482	0	658	0	325	5,196	XXX
12.	11,187	5,848	2,524	59	2	4	1,379	0	959	0	615	10,140	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	59	2
2.	14,237	1,310	12,927	73.0	178.8	68.9	0	0	2.0	16	7
3.	14,030	1,839	12,191	67.8	265.3	60.9	0	0	2.0	27	12
4.	12,201	285	11,916	58.1	37.2	58.9	0	0	2.0	55	17
5.	13,919	815	13,104	63.6	89.9	62.5	0	0	2.0	50	28
6.	15,780	1,529	14,251	69.5	197.4	64.9	0	0	2.0	138	58
7.	16,638	1,623	15,015	74.1	156.4	70.1	0	0	2.0	276	90
8.	16,093	496	15,597	69.6	42.5	71.0	0	0	2.0	410	159
9.	17,408	1,400	16,009	73.9	122.8	71.4	0	0	2.0	956	322
10.	17,239	1,957	15,282	77.9	156.0	73.2	0	0	2.0	1,764	499
11.	15,794	644	15,150	72.3	55.4	73.2	0	0	2.0	4,055	1,141
12.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	7,804	2,336

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

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	One Year	Two Year
1. Prior	3,570	3,552	3,768	3,680	3,727	3,711	3,691	3,671	3,512	3,691	180	21
2. 2003	11,931	11,520	11,619	11,561	11,515	11,470	11,471	11,459	11,640	11,474	(166)	16
3. 2004	XXX	11,294	10,959	10,827	10,713	10,660	10,646	10,631	10,620	10,624	4	(7)
4. 2005	XXX	XXX	10,967	10,831	10,631	10,509	10,423	10,373	10,381	10,377	(4)	4
5. 2006	XXX	XXX	XXX	12,103	11,641	11,512	11,395	11,343	11,320	11,318	(2)	(25)
6. 2007	XXX	XXX	XXX	XXX	12,956	12,780	12,646	12,559	12,516	12,546	30	(13)
7. 2008	XXX	XXX	XXX	XXX	XXX	13,299	13,385	13,324	13,143	13,172	29	(152)
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX	14,251	13,968	13,746	13,742	(3)	(225)
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	14,679	14,222	14,020	(202)	(659)
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	13,714	13,302	(411)	XXX
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	13,032	XXX	XXX
										12. Totals	(546)	(1,040)

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012		
1. Prior	000	1,854	2,726	3,170	3,396	3,523	3,571	3,607	3,615	3,636	XXX	XXX
2. 2003	7,391	9,555	10,442	10,942	11,213	11,330	11,376	11,412	11,433	11,454	XXX	XXX
3. 2004	XXX	6,652	8,790	9,587	10,092	10,327	10,481	10,545	10,571	10,590	XXX	XXX
4. 2005	XXX	XXX	6,407	8,376	9,366	9,927	10,156	10,235	10,293	10,309	XXX	XXX
5. 2006	XXX	XXX	XXX	7,252	9,505	10,432	10,917	11,126	11,218	11,245	XXX	XXX
6. 2007	XXX	XXX	XXX	XXX	8,153	10,461	11,486	12,097	12,258	12,365	XXX	XXX
7. 2008	XXX	XXX	XXX	XXX	XXX	8,603	11,251	12,120	12,641	12,825	XXX	XXX
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX	9,142	11,849	12,721	13,205	XXX	XXX
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	9,443	11,913	12,816	XXX	XXX
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	8,913	11,181	XXX	XXX
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	8,494	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1. Prior	764	537	444	105	125	76	49	18	3	3
2. 2003	1,826	847	539	120	126	69	41	16	8	4
3. 2004	XXX	2,480	1,109	308	241	127	67	28	14	9
4. 2005	XXX	XXX	2,127	743	510	241	115	46	23	18
5. 2006	XXX	XXX	XXX	1,819	1,064	502	207	87	41	32
6. 2007	XXX	XXX	XXX	XXX	2,262	1,086	475	196	84	59
7. 2008	XXX	XXX	XXX	XXX	XXX	2,188	997	418	173	99
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX	2,340	1,050	414	164
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,428	956	419
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,194	870
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,166

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States And Territories

States, etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	N	.0	0	.0	.0	.0	.0	.0
2. Alaska	AK	N	.0	0	.0	.0	.0	.0	.0
3. Arizona	AZ	N	.0	0	.0	.0	.0	.0	.0
4. Arkansas	AR	N	.0	0	.0	.0	.0	.0	.0
5. California	CA	N	.0	0	.0	.0	.0	.0	.0
6. Colorado	CO	N	.0	0	.0	.0	.0	.0	.0
7. Connecticut	CT	N	.0	0	.0	.0	.0	.0	.0
8. Delaware	DE	N	.0	0	.0	.0	.0	.0	.0
9. Dist. Columbia	DC	N	.0	0	.0	.0	.0	.0	.0
10. Florida	FL	N	.0	0	.0	.0	.0	.0	.0
11. Georgia	GA	L	19,461,458	18,884,985	.0	10,794,551	10,037,258	5,153,453	681,285
12. Hawaii	HI	N	.0	0	.0	.0	.0	.0	.0
13. Idaho	ID	N	.0	0	.0	.0	.0	.0	.0
14. Illinois	IL	L	.0	0	.0	.0	.0	.0	.0
15. Indiana	IN	L	.0	0	.0	.0	.0	.0	.0
16. Iowa	IA	N	.0	0	.0	.0	.0	.0	.0
17. Kansas	KS	N	.0	0	.0	.0	.0	.0	.0
18. Kentucky	KY	L	24,993,683	25,472,456	.0	16,978,869	16,168,295	9,480,911	509,663
19. Louisiana	LA	N	.0	0	.0	.0	.0	.0	.0
20. Maine	ME	N	.0	0	.0	.0	.0	.0	.0
21. Maryland	MD	N	.0	0	.0	.0	.0	.0	.0
22. Massachusetts	MA	N	.0	0	.0	.0	.0	.0	.0
23. Michigan	MI	N	.0	0	.0	.0	.0	.0	.0
24. Minnesota	MN	N	.0	0	.0	.0	.0	.0	.0
25. Mississippi	MS	N	.0	0	.0	.0	.0	.0	.0
26. Missouri	MO	N	.0	0	.0	.0	.0	.0	.0
27. Montana	MT	N	.0	0	.0	.0	.0	.0	.0
28. Nebraska	NE	N	.0	0	.0	.0	.0	.0	.0
29. Nevada	NV	N	.0	0	.0	.0	.0	.0	.0
30. New Hampshire	NH	N	.0	0	.0	.0	.0	.0	.0
31. New Jersey	NJ	N	.0	0	.0	.0	.0	.0	.0
32. New Mexico	NM	N	.0	0	.0	.0	.0	.0	.0
33. New York	NY	N	.0	0	.0	.0	.0	.0	.0
34. No. Carolina	NC	N	.0	0	.0	.0	.0	.0	.0
35. No. Dakota	ND	N	.0	0	.0	.0	.0	.0	.0
36. Ohio	OH	L	85,466,574	71,830,417	.0	52,137,818	55,080,086	11,482,913	1,789,830
37. Oklahoma	OK	N	.0	0	.0	.0	.0	.0	.0
38. Oregon	OR	N	.0	0	.0	.0	.0	.0	.0
39. Pennsylvania	PA	N	.0	0	.0	.0	.0	.0	.0
40. Rhode Island	RI	N	.0	0	.0	.0	.0	.0	.0
41. So. Carolina	SC	N	.0	0	.0	.0	.0	.0	.0
42. So. Dakota	SD	N	.0	0	.0	.0	.0	.0	.0
43. Tennessee	TN	L	.0	0	.0	.0	.0	.0	.0
44. Texas	TX	N	.0	0	.0	.0	.0	.0	.0
45. Utah	UT	N	.0	0	.0	.0	.0	.0	.0
46. Vermont	VT	N	.0	0	.0	.0	.0	.0	.0
47. Virginia	VA	N	.0	0	.0	.0	.0	.0	.0
48. Washington	WA	N	.0	0	.0	.0	.0	.0	.0
49. West Virginia	WV	N	.0	0	.0	.0	.0	.0	.0
50. Wisconsin	WI	N	.0	0	.0	.0	.0	.0	.0
51. Wyoming	WY	N	.0	0	.0	.0	.0	.0	.0
52. American Samoa	AS	N	.0	0	.0	.0	.0	.0	.0
53. Guam	GU	N	.0	0	.0	.0	.0	.0	.0
54. Puerto Rico	PR	N	.0	0	.0	.0	.0	.0	.0
55. U.S. Virgin Islands	VI	N	.0	0	.0	.0	.0	.0	.0
56. Northern Mariana Islands	MP	N	.0	0	.0	.0	.0	.0	.0
57. Canada	CAN	N	.0	0	.0	.0	.0	.0	.0
58. Aggregate other alien	OT	XXX	.0	0	.0	.0	.0	.0	.0
59. Totals	(a) 6		129,921,714	116,187,857	0	79,911,238	81,285,639	26,117,276	2,980,778
DETAILS OF WRITE-INS									
58001.		XXX							
58002.		XXX							
58003.		XXX							
58998. Sum. of remaining write-ins for Line 58 from overflow page		XXX	.0	0	.0	.0	.0	.0	.0
58999. Totals (Lines 58001 through 58003 + 58998) (Line 58 above)		XXX	0	0	0	0	0	0	0

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

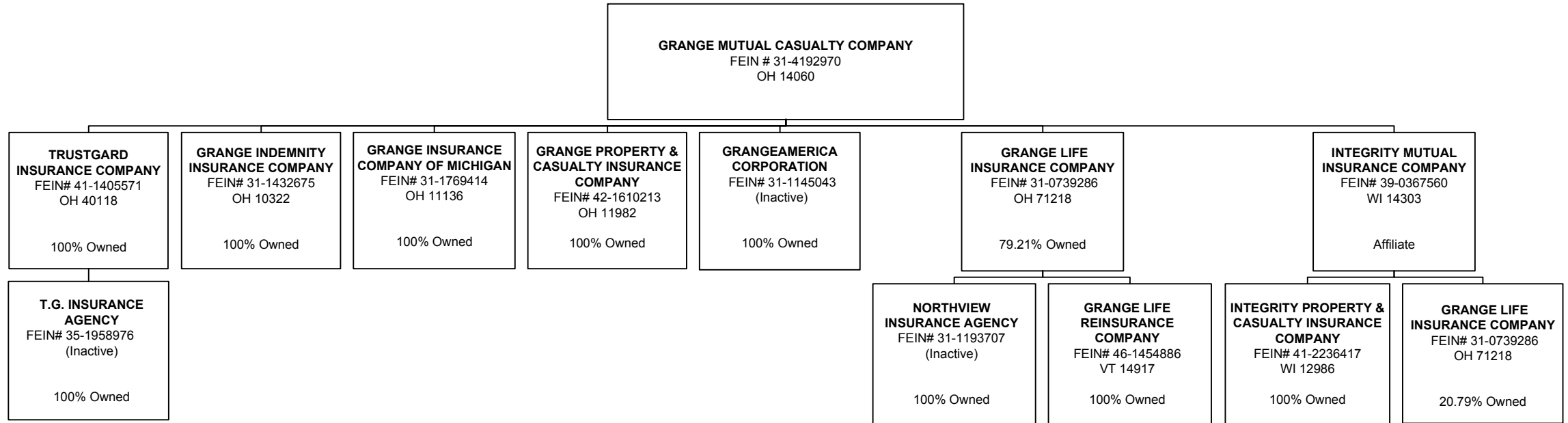
Explanation of basis of allocation of premiums by states, etc.

Location of the risk.

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

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

PART 1 – ORGANIZATIONAL CHART



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