



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

NAIC Group Code 00267, 00267 NAIC Company Code 14060 Employer's ID Number 31-4192970
Organized under the Laws of Ohio, State of Domicile or Port of Entry Ohio
Country of Domicile United States
Incorporated/Organized 03/25/1935 Commenced Business 04/20/1935
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, Columbus, OH, 43206-1014
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), JOHN PAUL MCCAFFREY (VP & CFO), LAVAWN DEE COLEMAN (VP & SECRETARY).

OTHER OFFICERS

Table with 4 columns: Name, Title, Name, Title. Includes JOHN (NMN) AMMENDOLA (PRESIDENT - PERSONAL LINES), DOREEN YVONNE DELANEY (ADMINISTRATIVE OFFICER), CAROL LYNN DRAKE (VP - MARKETING), KENNETH RICHARD KOZEK # (VP - CLAIMS), PETER MICHAEL MCMURTRIE (VP - CHIEF SALES & MARKETING OFFICER), MARK CLARENCE RUSSELL (VP - INSURANCE OPERATIONS), MICHAEL ANTHONY BUZEK (VP - CUSTOMER EXPERIENCE), ELIZABETH MARIE DINNIN (PRESIDENT - COMMERCIAL LINES), MICHAEL CHARLES FERGANG (VP - CHIEF INFORMATION OFFICER), JOHN CHRISTOPHER MONTGOMERY (VP - INVESTMENTS), DOUGLAS LEWIS SHARP (EXECUTIVE REGIONAL VP - SALES).

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Name, Name, Name. Includes DOUGLAS PAUL BUTH, JOHN PAUL MCCAFFREY, MELVIN GEORGE PYE JR, GLENN EUGENE CORLETT, ROBERT JOHN O'BRIEN, THOMAS SIMRALL STEWART, ELWOOD GORDON GEE, MICHAEL VERNE PARROTT, THOMAS HOWARD WELCH, ROBERT ENLOW HOYT, MARY MARNETTE PERRY, 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 MUTUAL CASUALTY 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).....	928,924,374		928,924,374	856,196,120
2. Stocks (Schedule D):				
2.1 Preferred stocks .....	3,325,841		3,325,841	2,139,725
2.2 Common stocks .....	416,542,485		416,542,485	395,558,043
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....	4,221,763		4,221,763	5,761,666
3.2 Other than first liens .....			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ ..... encumbrances).....	109,403,628		109,403,628	114,876,524
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....	12,216,635		12,216,635	12,485,460
4.3 Properties held for sale (less \$ ..... encumbrances) .....	225,000		225,000	305,000
5. Cash (\$ .....20,417,971 , Schedule E-Part 1), cash equivalents (\$ .....0 , Schedule E-Part 2) and short-term investments (\$ .....20,744,502 , Schedule DA).....	41,162,473		41,162,473	15,756,015
6. Contract loans (including \$ ..... premium notes).....			0	0
7. Derivatives (Schedule DB).....			0	0
8. Other invested assets (Schedule BA) .....	56,426,533		56,426,533	51,569,980
9. Receivables for securities .....			0	506,272
10. Securities lending reinvested collateral assets (Schedule DL).....	75,016,012		75,016,012	51,067,508
11. Aggregate write-ins for invested assets .....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	1,647,464,744	0	1,647,464,744	1,506,222,313
13. Title plants less \$ ..... charged off (for Title insurers only).....			0	0
14. Investment income due and accrued .....	10,797,395		10,797,395	10,320,756
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	165,021,630	1,182,394	163,839,236	154,328,300
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... (187,622) earned but unbilled premiums).....	(215,965)	(28,343)	(187,622)	(157,852)
15.3 Accrued retrospective premiums.....			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	2,636,768	392,549	2,244,219	5,371,674
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	6,172,895
18.2 Net deferred tax asset.....	28,110,995		28,110,995	27,012,921
19. Guaranty funds receivable or on deposit .....			0	0
20. Electronic data processing equipment and software.....	3,440,074	932,198	2,507,876	6,747,048
21. Furniture and equipment, including health care delivery assets (\$ ..... ) .....	7,463,679	7,463,679	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	0
23. Receivables from parent, subsidiaries and affiliates .....	3,371,998		3,371,998	0
24. Health care (\$ ..... ) and other amounts receivable.....			0	0
25. Aggregate write-ins for other than invested assets .....	40,738,011	40,252,167	485,844	453,523
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	1,908,829,329	50,194,644	1,858,634,685	1,716,471,578
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
28. Total (Lines 26 and 27)	1,908,829,329	50,194,644	1,858,634,685	1,716,471,578
<b>DETAILS OF WRITE-INS</b>				
1101. ....			0	0
1102. ....			0	0
1103. ....			0	0
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Prepaid Pension Expense.....	30,000,000	30,000,000	0	0
2502. Personal Loans.....	10,252,167	10,252,167	0	0
2503. Miscellaneous Loans.....	0	0	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page .....	485,844	0	485,844	453,523
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	40,738,011	40,252,167	485,844	453,523

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8) .....	327,749,173	331,532,635
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6) .....	(9,343)	4,275
3. Loss adjustment expenses (Part 2A, Line 35, Column 9) .....	98,124,356	94,874,948
4. Commissions payable, contingent commissions and other similar charges .....	11,938,287	8,518,275
5. Other expenses (excluding taxes, licenses and fees) .....	31,203,092	26,155,583
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....	10,710,226	9,769,332
7.1 Current federal and foreign income taxes (including \$ 7,660,069 on realized capital gains (losses)) .....	170,080	0
7.2 Net deferred tax liability .....	0	0
8. Borrowed money \$ ..... and interest thereon \$ .....	0	0
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 67,874,145 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) .....	347,931,163	328,336,940
10. Advance premium .....	0	0
11. Dividends declared and unpaid:		
11.1 Stockholders .....	0	0
11.2 Policyholders .....	755,691	649,885
12. Ceded reinsurance premiums payable (net of ceding commissions) .....	6,410,187	(2,889,764)
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19) .....	0	0
14. Amounts withheld or retained by company for account of others .....	89,184	44,450
15. Remittances and items not allocated .....	0	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	0
18. Drafts outstanding .....	(149,157)	(10,413)
19. Payable to parent, subsidiaries and affiliates .....	1,918,501	1,918,501
20. Derivatives .....	0	0
21. Payable for securities .....	172,854	0
22. Payable for securities lending .....	75,016,012	51,067,508
23. Liability for amounts held under uninsured plans .....	0	0
24. Capital notes \$ ..... and interest thereon \$ .....	0	0
25. Aggregate write-ins for liabilities .....	33,199,680	27,909,012
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25) .....	943,311,485	877,881,168
27. Protected cell liabilities .....	0	0
28. Total liabilities (Lines 26 and 27) .....	943,311,485	877,881,168
29. Aggregate write-ins for special surplus funds .....	0	0
30. Common capital stock .....	0	0
31. Preferred capital stock .....	0	0
32. Aggregate write-ins for other than special surplus funds .....	0	0
33. Surplus notes .....	35,000,000	35,000,000
34. Gross paid in and contributed surplus .....	0	0
35. Unassigned funds (surplus) .....	880,323,200	803,590,410
36. Less treasury stock, at cost:		
36.1 ..... shares common (value included in Line 30 \$ .....)	0	0
36.2 ..... shares preferred (value included in Line 31 \$ .....)	0	0
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39) .....	915,323,200	838,590,410
38. Totals (Page 2, Line 28, Col. 3) .....	1,858,634,685	1,716,471,578
<b>DETAILS OF WRITE-INS</b>		
2501. Reserve for checks written off .....	1,785,133	1,652,695
2502. Deferred compensation .....	25,707,171	24,812,240
2503. Provision for minimum pension liability .....	4,258,085	0
2598. Summary of remaining write-ins for Line 25 from overflow page .....	1,449,291	1,444,077
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	33,199,680	27,909,012
2901. ....	0	0
2902. ....	0	0
2903. ....	0	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	0
3202. ....	0	0
3203. ....	0	0
3298. Summary of remaining write-ins for Line 32 from overflow page .....	0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above) .....	0	0

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE GRANGE MUTUAL CASUALTY COMPANY**

**STATEMENT OF INCOME**

	1 Current Year	2 Prior Year
<b>UNDERWRITING INCOME</b>		
1. Premiums earned (Part 1, Line 35, Column 4) .....	869,132,543	876,539,182
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7) .....	504,210,680	526,722,103
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1) .....	95,555,874	91,179,990
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2) .....	279,883,545	273,967,015
5. Aggregate write-ins for underwriting deductions .....	0	0
6. Total underwriting deductions (Lines 2 through 5) .....	879,650,099	891,869,108
7. Net income of protected cells .....	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7) .....	(10,517,556)	(15,329,926)
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....	27,329,355	27,350,073
10. Net realized capital gains (losses) less capital gains tax of \$ .....7,660,069 (Exhibit of Capital Gains (Losses)).....	14,225,842	5,127,089
11. Net investment gain (loss) (Lines 9 + 10) .....	41,555,197	32,477,162
<b>OTHER INCOME</b>		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ .....107,183 amount charged off \$ .....4,335,704 ) .....	(4,228,521)	(6,835,633)
13. Finance and service charges not included in premiums .....	12,860,646	15,275,823
14. Aggregate write-ins for miscellaneous income .....	818,449	613,681
15. Total other income (Lines 12 through 14) .....	9,450,574	9,053,871
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15) .....	40,488,215	26,201,107
17. Dividends to policyholders .....	2,644,957	2,565,191
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) .....	37,843,258	23,635,916
19. Federal and foreign income taxes incurred .....	117,671	(1,518,464)
20. Net income (Line 18 minus Line 19) (to Line 22) .....	37,725,587	25,154,380
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2) .....	838,590,410	816,762,735
22. Net income (from Line 20) .....	37,725,587	25,154,380
23. Net transfers (to) from Protected Cell accounts .....	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ .....8,707,570 .....	33,298,690	7,195,753
25. Change in net unrealized foreign exchange capital gain (loss) .....	0	0
26. Change in net deferred income tax .....	(2,784,564)	1,068,638
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3) .....	12,751,163	(11,626,355)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1) .....	0	35,259
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 .....	(4,258,085)	0
38. Change in surplus as regards policyholders for the year (Lines 22 through 37) .....	76,732,791	21,827,675
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37) .....	915,323,200	838,590,410
<b>DETAILS OF WRITE-INS</b>		
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.....	818,449	613,681
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) .....	818,449	613,681
3701. Change in minimum pension liability.....	(4,258,085)	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) .....	(4,258,085)	0

## CASH FLOW

	1 Current Year	2 Prior Year
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance.....	888,570,128	873,651,270
2. Net investment income.....	38,336,131	37,424,191
3. Miscellaneous income.....	9,450,574	9,053,871
4. Total (Lines 1 through 3).....	936,356,834	920,129,332
5. Benefit and loss related payments.....	504,880,305	537,597,595
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	363,154,165	375,337,948
8. Dividends paid to policyholders.....	2,539,151	2,554,235
9. Federal and foreign income taxes paid (recovered) net of \$ 7,660,069 tax on capital gains (losses).....	1,434,765	(1,979,862)
10. Total (Lines 5 through 9).....	872,008,386	913,509,916
11. Net cash from operations (Line 4 minus Line 10).....	64,348,448	6,619,416
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	241,857,403	275,146,013
12.2 Stocks.....	80,942,271	70,239,847
12.3 Mortgage loans.....	1,173,154	3,013,579
12.4 Real estate.....	204,176	494,216
12.5 Other invested assets.....	636,481	3,242,930
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	1,155	0
12.7 Miscellaneous proceeds.....	291,997	(1,100,000)
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	325,106,637	351,036,585
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	306,575,277	333,797,271
13.2 Stocks.....	57,155,381	62,772,386
13.3 Mortgage loans.....	0	0
13.4 Real estate.....	309,271	951,712
13.5 Other invested assets.....	0	0
13.6 Miscellaneous applications.....	0	361,051
13.7 Total investments acquired (Lines 13.1 to 13.6).....	364,039,929	397,882,420
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).....	(38,933,292)	(46,845,835)
<b>Cash from Financing and Miscellaneous Sources</b>		
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).....	(8,698)	(15,625,287)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(8,698)	(15,625,287)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	25,406,458	(55,851,706)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	15,756,015	71,607,721
19.2 End of year (Line 18 plus Line 19.1).....	41,162,473	15,756,015

**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 .....	11,555,857	6,443,192	6,754,304	11,244,745
2.	Allied lines .....	6,492,513	3,651,435	3,780,101	6,363,847
3.	Farmowners multiple peril .....	14,708,603	7,438,382	7,714,465	14,432,520
4.	Homeowners multiple peril .....	189,311,091	102,586,745	109,841,270	182,056,566
5.	Commercial multiple peril .....	85,312,500	39,487,181	41,695,902	83,103,780
6.	Mortgage guaranty .....	0	0	0	0
8.	Ocean marine .....	0	0	0	0
9.	Inland marine .....	6,914,934	3,737,974	3,773,281	6,879,628
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 .....	2,083,261	1,268,736	1,167,041	2,184,956
13.	Group accident and health .....	92,480	0	0	92,480
14.	Credit accident and health (group and individual) .....	0	0	0	0
15.	Other accident and health .....	0	0	0	0
16.	Workers' compensation .....	30,112,492	12,029,283	13,268,964	28,872,811
17.1	Other liability - occurrence .....	17,927,682	5,248,167	8,369,880	14,805,969
17.2	Other liability - claims-made .....	5,324	1,648	1,389	5,583
17.3	Excess workers' compensation .....	0	0	0	0
18.1	Products liability-occurrence .....	51,757	20,019	16,987	54,789
18.2	Products liability-claims-made .....	0	0	0	0
19.1,19.2	Private passenger auto liability .....	262,635,023	67,385,144	66,869,557	263,150,609
19.3,19.4	Commercial auto liability .....	56,322,698	23,632,035	26,692,763	53,261,970
21.	Auto physical damage .....	205,161,349	55,393,152	57,972,604	202,581,897
22.	Aircraft (all perils) .....	0	0	0	0
23.	Fidelity .....	0	0	0	0
24.	Surety .....	32	0	0	32
26.	Burglary and theft .....	39,170	13,849	12,657	40,362
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.	<b>TOTALS</b>	<b>888,726,765</b>	<b>328,336,940</b>	<b>347,931,163</b>	<b>869,132,543</b>
<b>DETAILS OF WRITE-INS</b>					
3401.	.....	0	0	0	0
3402.	.....	0	0	0	0
3403.	.....	0	0	0	0
3498.	Sum. of remaining write-ins for Line 34 from overflow page .....	0	0	0	0
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 .....		6,754,304			6,754,304
2.	Allied lines .....		3,780,101			3,780,101
3.	Farmowners multiple peril .....		7,714,465			7,714,465
4.	Homeowners multiple peril .....		109,841,270			109,841,270
5.	Commercial multiple peril .....		41,695,902			41,695,902
6.	Mortgage guaranty .....					0
8.	Ocean marine .....					0
9.	Inland marine .....		3,773,281			3,773,281
10.	Financial guaranty .....					0
11.1	Medical professional liability-occurrence .....					0
11.2	Medical professional liability-claims-made .....					0
12.	Earthquake .....		1,167,041			1,167,041
13.	Group accident and health .....					0
14.	Credit accident and health (group and individual) .....					0
15.	Other accident and health .....					0
16.	Workers' compensation .....		13,268,964			13,268,964
17.1	Other liability-occurrence .....		8,369,880			8,369,880
17.2	Other liability-claims-made .....		1,389			1,389
17.3	Excess workers' compensation .....					0
18.1	Products liability-occurrence .....		16,987			16,987
18.2	Products liability-claims-made .....					0
19.1,19.2	Private passenger auto liability .....		66,869,557			66,869,557
19.3,19.4	Commercial auto liability .....		26,692,763			26,692,763
21.	Auto physical damage .....		57,972,604			57,972,604
22.	Aircraft (all perils) .....					0
23.	Fidelity .....					0
24.	Surety .....					0
26.	Burglary and theft .....		12,657			12,657
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	0	347,931,163	0	0	347,931,163
36.	Accrued retrospective premiums based on experience .....					
37.	Earned but unbilled premiums .....					
38.	Balance (Sum of Lines 35 through 37)					347,931,163
<b>DETAILS OF WRITE-INS</b>						
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	10,354,146	4,259,627	217,162	2,201,116	1,073,962	11,555,857
2. Allied lines	5,384,281	2,773,028	81,819	1,236,669	509,947	6,492,513
3. Farmowners multiple peril	18,232,709	392,777	0	2,801,639	1,115,244	14,708,603
4. Homeowners multiple peril	98,307,675	137,200,586	577,610	36,059,255	10,715,526	189,311,091
5. Commercial multiple peril	87,192,712	22,626,634	0	16,250,000	8,256,846	85,312,500
6. Mortgage guaranty						0
8. Ocean marine						0
9. Inland marine	4,677,157	4,000,877	0	1,317,130	445,970	6,914,934
10. Financial guaranty						0
11.1 Medical professional liability-occurrence						0
11.2 Medical professional liability-claims-made						0
12. Earthquake	1,696,401	942,525	0	396,812	158,854	2,083,261
13. Group accident and health	110,095	0	0	17,615	0	92,480
14. Credit accident and health (group and individual)						0
15. Other accident and health						0
16. Workers' compensation	10,951,093	25,627,156	242,028	5,735,713	972,073	30,112,492
17.1 Other liability-occurrence	15,570,886	6,931,720	0	3,414,797	1,160,128	17,927,682
17.2 Other liability-claims-made	6,038	300	0	1,014	0	5,324
17.3 Excess workers' compensation						0
18.1 Products liability-occurrence	58,992	2,747	0	9,858	124	51,757
18.2 Products liability-claims-made						0
19.1,19.2 Private passenger auto liability	145,683,545	167,281,364	0	50,025,719	304,167	262,635,023
19.3,19.4 Commercial auto liability	36,869,074	30,390,564	19,481	10,728,133	228,288	56,322,698
21. Auto physical damage	128,070,775	119,177,656	190	39,078,352	3,008,919	205,161,349
22. Aircraft (all perils)						0
23. Fidelity						0
24. Surety	0	0	38	6	0	32
26. Burglary and theft	12,686	33,945	0	7,461	0	39,170
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	563,178,266	521,641,506	1,138,329	169,281,289	27,950,047	888,726,765
<b>DETAILS OF WRITE-INS</b>						
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 MUTUAL CASUALTY 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	6,466,541	3,171,015	1,978,327	7,659,230	833,705	1,424,879	7,068,055	62.9
2. Allied lines	1,495,579	1,048,330	521,468	2,022,442	698,875	787,074	1,934,242	30.4
3. Farmowners multiple peril	11,248,993	170,727	2,952,818	8,466,903	3,355,064	2,569,972	9,251,995	64.1
4. Homeowners multiple peril	70,721,043	94,753,894	33,860,357	131,614,581	23,845,335	29,940,423	125,519,493	68.9
5. Commercial multiple peril	59,286,582	10,850,751	24,021,579	46,115,754	55,080,129	50,952,130	50,243,753	60.5
6. Mortgage guaranty				0	0	0	0	0.0
8. Ocean marine				0	0	0	0	0.0
9. Inland marine	1,690,764	2,190,681	653,207	3,228,237	736,271	575,377	3,389,132	49.3
10. Financial guaranty				0	0	0	0	0.0
11.1 Medical professional liability-occurrence		18,335	2,934	15,401	0	0	15,401	0.0
11.2 Medical professional liability-claims-made				0	0	0	0	0.0
12. Earthquake				0	1	1	0	0.0
13. Group accident and health	199,208		31,873	167,335	519,563	537,746	149,152	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	6,145,672	11,483,963	3,381,213	14,248,421	29,951,670	27,436,128	16,763,964	58.1
17.1 Other liability-occurrence	946,021	34,036	240,809	739,248	10,426,301	5,348,183	5,817,365	39.3
17.2 Other liability-claims-made	403,102		64,496	338,606	246,717	220,025	365,299	6,543.0
17.3 Excess workers' compensation				0	0	0	0	0.0
18.1 Products liability-occurrence		1,660	266	1,395	47,770	32,495	16,669	30.4
18.2 Products liability-claims-made				0	0	0	0	0.0
19.1,19.2 Private passenger auto liability	82,441,377	98,409,499	28,936,141	151,914,735	158,138,512	175,727,158	134,326,089	51.0
19.3,19.4 Commercial auto liability	16,055,285	11,991,870	4,487,545	23,559,610	45,518,498	39,469,644	29,608,464	55.6
21. Auto physical damage	71,083,528	71,154,675	24,335,958	117,902,246	(1,674,317)	(3,514,188)	119,742,117	59.1
22. Aircraft (all perils)				0	365	365	0	0.0
23. Fidelity				0	0	0	0	0.0
24. Surety				0	24,586	0	24,586	76,377.6
26. Burglary and theft				0	129	25,225	(25,095)	(62.2)
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	328,183,694	305,279,436	125,468,989	507,994,142	327,749,173	331,532,635	504,210,680	58.0
<b>DETAILS OF WRITE-INS</b>								
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 MUTUAL CASUALTY 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	113,608	167,550	77,484	203,674	569,478	248,808	188,255	833,705	576,639
2. Allied lines	173,287	222,264	70,890	324,661	296,725	164,305	86,816	698,875	370,610
3. Farmowners multiple peril	2,836,104	126,758	564,566	2,398,296	1,329,199	27,454	399,885	3,355,064	860,667
4. Homeowners multiple peril	6,085,413	10,290,332	3,051,286	13,324,459	6,561,743	7,111,383	3,152,251	23,845,335	9,716,481
5. Commercial multiple peril	31,184,630	5,048,624	9,257,280	26,975,974	24,997,405	8,722,081	5,615,330	55,080,129	27,887,406
6. Mortgage guaranty				0				0	
8. Ocean marine				0				0	
9. Inland marine	284,522	360,338	105,358	539,502	121,486	119,500	44,216	736,271	189,169
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	1		0	1	0
13. Group accident and health	618,528		98,964	519,563				(a) 519,563	1,846
14. Credit accident and health (group and individual)				0				0	
15. Other accident and health				0				(a) 0	
16. Workers' compensation	12,967,539	14,035,136	8,727,037	18,275,638	4,208,383	9,691,655	2,224,006	29,951,670	4,967,912
17.1 Other liability-occurrence	9,693,709	1,264,597	4,945,980	6,012,326	3,508,553	1,746,178	840,757	10,426,301	548,280
17.2 Other liability-claims-made	291,005		46,561	244,444	2,584	122	433	246,717	3,127
17.3 Excess workers' compensation				0				0	
18.1 Products liability-occurrence		30,430	4,869	25,561	25,806	632	4,230	47,770	22,441
18.2 Products liability-claims-made				0				0	
19.1,19.2 Private passenger auto liability	56,353,725	75,987,306	21,174,565	111,166,465	23,512,520	32,406,582	8,947,056	158,138,512	39,288,494
19.3,19.4 Commercial auto liability	17,080,723	13,737,649	4,930,940	25,887,432	14,442,966	8,927,350	3,739,251	45,518,498	7,145,992
21. Auto physical damage	(4,571,730)	(4,315,698)	(1,339,028)	(7,548,400)	3,783,471	3,433,889	1,343,278	(1,674,317)	6,545,260
22. Aircraft (all perils)		434	69	365				365	
23. Fidelity				0				0	
24. Surety		29,269	4,683	24,586				24,586	
26. Burglary and theft				0	147	7	25	129	31
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	133,111,062	116,984,989	51,721,503	198,374,547	83,360,468	72,599,948	26,585,790	327,749,173	98,124,356
<b>DETAILS OF WRITE-INS</b>									
3401.				0				0	
3402.				0				0	
3403.				0				0	
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	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 .....	10,837,114			10,837,114
1.2 Reinsurance assumed .....	14,707,606			14,707,606
1.3 Reinsurance ceded .....	4,087,155			4,087,155
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3) .....	21,457,565	0	0	21,457,565
2. Commission and brokerage:				
2.1 Direct, excluding contingent .....		85,663,250		85,663,250
2.2 Reinsurance assumed, excluding contingent .....		76,335,124		76,335,124
2.3 Reinsurance ceded, excluding contingent .....		26,600,821		26,600,821
2.4 Contingent-direct .....		5,481,080		5,481,080
2.5 Contingent-reinsurance assumed .....		5,750,276		5,750,276
2.6 Contingent-reinsurance ceded .....		1,797,017		1,797,017
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	144,831,892	0	144,831,892
3. Allowances to manager and agents .....	113,499	2,367,922	2,117	2,483,537
4. Advertising .....	30,302	2,036,489		2,066,791
5. Boards, bureaus and associations .....	764,195	1,632,420	4,504	2,401,118
6. Surveys and underwriting reports .....		10,618,548		10,618,548
7. Audit of assureds' records .....		371,941		371,941
8. Salary and related items:				
8.1 Salaries .....	42,638,885	49,129,824	835,791	92,604,500
8.2 Payroll taxes .....	2,805,635	4,208,591	97,765	7,111,991
9. Employee relations and welfare .....	11,014,419	16,128,474	373,163	27,516,057
10. Insurance .....	626,774	738,998	121,297	1,487,068
11. Directors' fees .....	537,074	782,878	15,980	1,335,932
12. Travel and travel items .....	2,244,589	2,319,796	21,274	4,585,659
13. Rent and rent items .....	2,293,073	497,461	4,723,770	7,514,303
14. Equipment .....	1,488,548	2,349,386		3,837,934
15. Cost or depreciation of EDP equipment and software .....	849,584	1,401,566		2,251,150
16. Printing and stationery .....	364,498	962,396	6,211	1,333,105
17. Postage, telephone and telegraph, exchange and express .....	1,978,394	6,051,681	169,754	8,199,829
18. Legal and auditing .....	314,446	737,518	7,064	1,059,027
19. Totals (Lines 3 to 18) .....	68,063,914	102,335,889	6,378,689	176,778,492
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ .....		18,897,881		18,897,881
20.2 Insurance department licenses and fees .....		1,260,238		1,260,238
20.3 Gross guaranty association assessments .....		58,850		58,850
20.4 All other (excluding federal and foreign income and real estate) .....		271,148		271,148
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4) .....	0	20,488,117	0	20,488,117
21. Real estate expenses .....			5,102,419	5,102,419
22. Real estate taxes .....			2,946,000	2,946,000
23. Reimbursements by uninsured plans .....				0
24. Aggregate write-ins for miscellaneous expenses .....	6,034,395	12,227,647	1,565,694	19,827,736
25. Total expenses incurred .....	95,555,874	279,883,545	15,992,803	391,432,222
26. Less unpaid expenses-current year .....	98,124,356	50,160,165	3,691,439	151,975,960
27. Add unpaid expenses-prior year .....	94,874,948	41,124,319	3,318,871	139,318,138
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) .....	92,306,466	270,847,699	15,620,235	378,774,400
<b>DETAILS OF WRITE-INS</b>				
2401. Software Expense.....	4,041,010	3,977,495	180,869	8,199,374
2402. Miscellaneous Expense.....	(1,170,336)	3,716,282	1,265,709	3,811,655
2403. Donations.....	335,638	406,492	9,559	751,688
2498. Summary of remaining write-ins for Line 24 from overflow page .....	2,828,084	4,127,378	109,557	7,065,019
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above) .....	6,034,395	12,227,647	1,565,694	19,827,736

(a) Includes management fees of \$ ..... 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) 1,295,211	1,269,449
1.1 Bonds exempt from U.S. tax	(a) 11,716,910	11,780,261
1.2 Other bonds (unaffiliated)	(a) 23,283,314	23,774,166
1.3 Bonds of affiliates	(a) 0	0
2.1 Preferred stocks (unaffiliated)	(b) 190,709	191,497
2.11 Preferred stocks of affiliates	(b) 0	0
2.2 Common stocks (unaffiliated)	5,771,080	5,738,686
2.21 Common stocks of affiliates	0	0
3. Mortgage loans	(c) 223,276	214,120
4. Real estate	(d) 7,630,998	7,630,998
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 51,382	40,342
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	206,840	206,840
10. Total gross investment income	50,369,721	50,846,360
11. Investment expenses		(g) 15,992,803
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h) 1,567,123
14. Depreciation on real estate and other invested assets		(i) 5,957,079
15. Aggregate write-ins for deductions from investment income		0
16. Total deductions (Lines 11 through 15)		23,517,005
17. Net investment income (Line 10 minus Line 16)		27,329,355
<b>DETAILS OF WRITE-INS</b>		
0901. Securities Lending Income	144,665	144,665
0902. Miscellaneous Investment Income	62,174	62,174
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)	206,840	206,840
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 \$ 1,471,753 accrual of discount less \$ 6,634,984 amortization of premium and less \$ 1,864,043 paid for accrued interest on purchases.  
 (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ 0 paid for accrued dividends on purchases.  
 (c) Includes \$ 9,463 accrual of discount less \$ 0 amortization of premium and less \$ paid for accrued interest on purchases.  
 (d) Includes \$ 5,422,224 for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.  
 (e) Includes \$ 1,562 accrual of discount less \$ 8,459 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 \$ 1,567,123 interest on surplus notes and \$ interest on capital notes.  
 (i) Includes \$ 5,957,079 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	7,166,690		7,166,690	(1,034,836)	
1.1 Bonds exempt from U.S. tax	674,333		674,333		
1.2 Other bonds (unaffiliated)	5,685,090	(62,350)	5,622,740	744,684	
1.3 Bonds of affiliates	0	0	0	0	0
2.1 Preferred stocks (unaffiliated)	32,576	0	32,576	39,067	0
2.11 Preferred stocks of affiliates	0	0	0	0	0
2.2 Common stocks (unaffiliated)	9,147,662	(560,086)	8,587,576	20,170,739	0
2.21 Common stocks of affiliates	0	0	0	17,127,491	0
3. Mortgage loans	(201,212)	0	(201,212)	(175,000)	0
4. Real estate	79,176	(48,914)	30,263		0
5. Contract loans					
6. Cash, cash equivalents and short-term investments	1,155		1,155	0	0
7. Derivative instruments					
8. Other invested assets	471,362	(112,443)	358,919	5,134,115	0
9. Aggregate write-ins for capital gains (losses)	(387,129)	0	(387,129)	0	0
10. Total capital gains (losses)	22,669,704	(783,793)	21,885,911	42,006,260	0
<b>DETAILS OF WRITE-INS</b>					
0901. Write-Off of Previously Closed Subsidiary	(387,129)		(387,129)		
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)	(387,129)	0	(387,129)	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.....	1,182,394	1,193,115	10,721
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	(28,343)	(14,486)	13,857
15.3 Accrued retrospective premiums.....	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers .....	392,549	392,549	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	12,590,208	12,590,208
19. Guaranty funds receivable or on deposit .....	0	0	0
20. Electronic data processing equipment and software.....	932,198	0	(932,198)
21. Furniture and equipment, including health care delivery assets.....	7,463,679	9,511,620	2,047,941
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 .....	40,252,167	39,272,801	(979,366)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	50,194,644	62,945,807	12,751,163
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. Total (Lines 26 and 27)	50,194,644	62,945,807	12,751,163
<b>DETAILS OF WRITE-INS</b>			
1101. ....		0	0
1102. ....		0	0
1103. ....		0	0
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0
2501. Prepaid Pension Expense.....	30,000,000	30,000,000	0
2502. Personal Loans.....	10,252,167	8,878,992	(1,373,175)
2503. Miscellaneous Loans.....	0	393,809	393,809
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)	40,252,167	39,272,801	(979,366)

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE  
GRANGE MUTUAL CASUALTY 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 valued at market except that investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 20 % or more are carried on the equity basis.

(a) The Company owns 100% of the common stock of the following subsidiaries:

- (i) GrangeAmerica,
- (ii) Grange Indemnity Insurance Company
- (iii) Grange Insurance Company of Michigan
- (iv) Trustgard Insurance Company
- (v) Grange Property & Casualty Insurance Company

(b) The Company owns 79.21% of the common stock of its subsidiary Grange Life Insurance Company

- (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) See Note 1.C.(3) for accounting policies with respect to investments in affiliated companies.
- (8) The company has minor ownership interests in joint ventures. The company carries these interests based on the underlying audited GAAP equity of the investee.
- (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 is 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

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE  
GRANGE MUTUAL CASUALTY COMPANY**

**NOTES TO FINANCIAL STATEMENTS**

5. INVESTMENTS

A. Mortgage Loans, including Mezzanine Real Estate Loans

1. N/A - The Company did not originate any new loans during 2012. The Company did not purchase new loans in 2012.
2. During 2012, the Company did not reduce interest rates of any outstanding mortgage loans.
3. N/A - The Company did not originate any new loans.

	<u>Current Year</u>	<u>Prior Year</u>
4. As of year end, the Company held mortgages with interest more than 180 days past due with a recorded investment, excluding accrued interest	\$0	\$0
a. Total interest due on mortgages with interest more than 180 days past due	\$0	\$0
5. Taxes, assessments and any amounts advanced and not included in the mortgage loan total	\$0	\$0
6. Current year impaired loans with a related allowance for credit losses	\$0	\$0
a. Related allowance for credit losses	\$0	\$0
7. Impaired Mortgage loans without an allowance for credit losses	\$0	\$0
8. Average recorded investment in impaired loans	\$0	\$0
9. Interest income recognized during the period the loans were impaired	\$0	\$0
10. Amount of interest income recognized on a cash basis during the period the loans were impaired	\$0	\$0
11. Allowance for credit losses:		
a. Balance at beginning of period	\$125,000	\$250,000
b. Additions charged to operations	\$175,000	\$0
c. Direct write-downs charged against the allowance	\$0	\$125,000
d. Recoveries of amounts previously charged off	\$0	\$0
e. Balance at end of period	\$300,000	\$125,000
12. The Company recognizes interest income on impaired loans upon receipt.		

B. DEBT RESTRUCTURING

NONE

C. REVERSE MORTGAGES

NONE

D. LOAN-BACKED SECURITIES

- 1) Prepayment assumptions for single class and multi-class mortgage-backed/asset-backed securities were obtained from Hub Data and Bloomberg. These assumptions are consistent with the current interest rate and economic environment.
- 2) NONE
- 3) 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	(71,376)
2	Greater than 12 Months	0
b.	The Aggregate Related Fair Value of Securities with Unrealized Losses:	
1	Less than 12 Months	8,605,352
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 held with an intent to sell were other-than-temporarily impaired to current fair value. Securities with a present value greater than amortized cost were not other-than-temporarily impaired.

E. REPURCHASE AGREEMENTS AND SECURITIES LENDING TRANSACTIONS

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

	<u>Fair Value</u>
Open	75,016,012
30 Days or Less	0
31 to 60 Days	0
61 to 90 Days	0
Greater than 90 Days	0
Sub-Total	75,016,012
Securities Received	0
Total Collateral Received	<u>75,016,012</u>

3. None
4. NONE
5. Collateral Reinvestment
  - a. Aggregate Amount Cash Collateral Reinvested
    1. None

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE  
GRANGE MUTUAL CASUALTY COMPANY**

**NOTES TO FINANCIAL STATEMENTS**

2. Securities Lending

	Amortized Cost	Fair Value
Open	75,016,012	75,016,285
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	75,016,012	75,016,285
Securities Received	0	0
Total Collateral Reinvested	75,016,012	75,016,285

3. None

F. REAL ESTATE

(1) Not Applicable

(2) Real Estate Held for Sale

(a) Real estate classified as held for sale consists of properties owned by the Company that were residential mortgage loans that have been foreclosed on and subsequently transferred from Schedule B to Schedule A. See Schedule A – Part 1 for a complete list of the residential properties held for sale at December 31. Properties held for sale are actively marketed using local real estate agents through a third-party administrator in order to maximize exposure to the market, the timeliness of the sale and the sale proceeds. The Company fully intends to dispose of these assets within the next 12 months.

(b) See Schedule A – Part 3 for a complete list of the properties disposed of during the year and the respective gain or loss recognized on the sale.

(3) None

(4) None

(5) None

G. LOW INCOME HOUSING TAX CREDITS

NONE

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.

B. The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships or Limited Liability Companies.

7. INVESTMENT INCOME

NONE EXCLUDED

8. DERIVATIVE INSTRUMENTS

NONE

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE  
GRANGE MUTUAL CASUALTY COMPANY**

**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) Ordinary	(2) Capital	(3) (Col 1+2) Total
(a) Gross Deferred Tax Assets	\$ 59,650,672	\$ 10,948,817	\$ 70,599,489
(b) Statutory Valuation Allowance Adjustments	\$ .....	\$ .....	\$ .....
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	\$ 59,650,672	\$ 10,948,817	\$ 70,599,489
(d) Deferred Tax Assets Nonadmitted	\$ 8,716,187	\$ 33,772,307	\$ 42,488,494
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	\$ 50,934,485	\$ (22,823,490)	\$ 28,110,995
(f) Deferred Tax Liabilities	\$ .....	\$ .....	\$ .....
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	\$ 50,934,485	\$ (22,823,490)	\$ 28,110,995

	12/31/2011		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
(a) Gross Deferred Tax Assets	\$ 62,604,323	\$ 9,632,213	\$ 72,236,536
(b) Statutory Valuation Allowance Adjustments	\$ .....	\$ .....	\$ .....
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	\$ 62,604,323	\$ 9,632,213	\$ 72,236,536
(d) Deferred Tax Assets Nonadmitted	\$ 12,590,208	\$ .....	\$ 12,590,208
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	\$ 50,014,115	\$ 9,632,213	\$ 59,646,328
(f) Deferred Tax Liabilities	\$ 7,524,920	\$ 25,108,488	\$ 32,633,408
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	\$ 42,489,195	\$ (15,476,275)	\$ 27,012,920

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
(a) Gross Deferred Tax Assets	\$ (2,953,651)	\$ 1,316,604	\$ (1,637,047)
(b) Statutory Valuation Allowance Adjustments	\$ .....	\$ .....	\$ .....
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	\$ (2,953,651)	\$ 1,316,604	\$ (1,637,047)
(d) Deferred Tax Assets Nonadmitted	\$ (3,874,021)	\$ 33,772,307	\$ 29,898,286
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	\$ 920,370	\$ (32,455,703)	\$ (31,535,333)
(f) Deferred Tax Liabilities	\$ (7,524,920)	\$ (25,108,488)	\$ (32,633,408)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	\$ 8,445,290	\$ (7,347,215)	\$ 1,098,075

2.

	12/31/2012		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ 7,140,047	\$ .....	\$ 7,140,047
(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)	\$ 29,961,071	\$ .....	\$ 29,961,071
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	\$ 29,961,071	\$ .....	\$ 29,961,071
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	<u>XXX</u>	<u>XXX</u>	\$ 131,135,185
(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.	\$ 22,549,555	\$ 11,053,814	\$ 33,603,369
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101.	\$ .....	\$ .....	\$ .....
Total (2(a) + 2(b) + 2(c))	\$ 59,650,673	\$ 11,053,814	\$ 70,704,487

	12/31/2011		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ .....	\$ .....	\$ .....
(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	\$ 27,012,921	\$ .....	\$ 27,012,921

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE  
GRANGE MUTUAL CASUALTY COMPANY**

**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.	\$	27,012,921	\$	27,012,921
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.		<u>XXX</u>		<u>XXX</u>
(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.	\$	23,001,194	\$	9,632,213
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101.	\$	50,014,115	\$	9,632,213
Total (2(a) + 2(b) + 2(c))	\$	50,014,115	\$	9,632,213

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.	\$	7,140,047	\$	7,140,047
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below)	\$	2,948,150	\$	2,948,150
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	\$	2,948,150	\$	2,948,150
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.		<u>XXX</u>		<u>XXX</u>
(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.	\$	(451,639)	\$	1,421,601
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101.	\$	9,636,558	\$	1,421,601
Total (2(a) + 2(b) + 2(c))	\$	9,636,558	\$	1,421,601

3.

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

(a) Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.	1,066.800	985.240		
(b) Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above.	\$	917,383,310	\$	839,580,522

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

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

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

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

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

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE  
GRANGE MUTUAL CASUALTY COMPANY**

**NOTES TO FINANCIAL STATEMENTS**

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

	(1)	(2)	(3)
	12/31/2012	12/31/2011	(Col 1-2) Change
<b>1. Current Income Tax</b>			
(a) Federal	\$ 457,119.0	\$ (6,164,028.0)	\$ 6,621,147
(b) Foreign	\$ .....	\$ .....	\$ .....
(c) Subtotal	\$ 457,119.0	\$ (6,164,028.0)	\$ 6,621,147
(d) Federal income tax on net capital gains	\$ 7,660,069.0	\$ 2,760,741.0	\$ 4,899,328
(e) Utilization of capital loss carry-forwards	\$ .....	\$ .....	\$ .....
(f) Other	\$ (339,448.0)	\$ 4,645,564.0	\$ (4,985,012)
(g) Federal and foreign income taxes incurred	\$ 7,777,740.0	\$ 1,242,277.0	\$ 6,535,463
<b>2. Deferred Tax Assets:</b>			
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 9,037,830	\$ 9,084,740	\$ (46,910)
(2) Unearned premium reserve	\$ 24,355,181	\$ 22,983,586	\$ 1,371,595
(3) Policyholder reserves	\$ .....	\$ .....	\$ .....
(4) Investments	\$ .....	\$ .....	\$ .....
(5) Deferred acquisition costs	\$ .....	\$ .....	\$ .....
(6) Policyholder dividends accrual	\$ .....	\$ .....	\$ .....
(7) Fixed assets	\$ .....	\$ .....	\$ .....
(8) Compensation and benefits accrual	\$ 13,463,393	\$ 12,705,656	\$ 757,737
(9) Pension accrual	\$ 1,490,330	\$ .....	\$ 1,490,330
(10) Receivables - nonadmitted	\$ 7,068,125	\$ 7,124,460	\$ (56,335)
(11) Net operating loss carry-forward	\$ .....	\$ 6,585,126	\$ (6,585,126)
(12) Tax credit carry-forward	\$ 4,218,894	\$ 3,552,861	\$ 666,033
(13) Other (including items <5% of total ordinary tax assets)	\$ 16,918	\$ 567,894	\$ (550,976)
(99) Subtotal	\$ 59,650,671	\$ 62,604,323	\$ (2,953,652)
(b) Statutory valuation allowance adjustment	\$ .....	\$ .....	\$ .....
(c) Nonadmitted	\$ .....	\$ 12,590,208	\$ (12,590,208)
(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	\$ 59,650,671	\$ 50,014,115	\$ 9,636,556
(e) Capital:			
(1) Investments	\$ 10,948,815	\$ 9,588,463	\$ 1,360,352
(2) Net capital loss carry-forward	\$ .....	\$ .....	\$ .....
(3) Real estate	\$ .....	\$ .....	\$ .....
(4) Other (including items <5% of total capital tax assets)	\$ .....	\$ .....	\$ .....
(99) Subtotal	\$ 10,948,815	\$ 9,588,463	\$ 1,360,352
(f) Statutory valuation allowance adjustment	\$ .....	\$ .....	\$ .....
(g) Nonadmitted	\$ .....	\$ .....	\$ .....
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)	\$ 10,948,815	\$ 9,588,463	\$ 1,360,352
(i) Admitted deferred tax assets (2d + 2h)	\$ 70,599,486	\$ 59,602,578	\$ 10,996,908
<b>3. Deferred Tax Liabilities:</b>			
(a) Ordinary			
(1) Investments	\$ 1,508,843	\$ 1,246,190	\$ 262,653
(2) Fixed assets	\$ 6,727,580	\$ 5,779,571	\$ 948,009
(3) Deferred and uncollected premium	\$ .....	\$ .....	\$ .....
(4) Policyholder reserves	\$ 385,389	\$ 412,305	\$ (26,916)
(5) Other (including items <5% of total ordinary tax liabilities)	\$ 94,372	\$ 86,854	\$ 7,518
(99) Subtotal	\$ 8,716,184	\$ 7,524,920	\$ 1,191,264
(b) Capital:			
(1) Investments	\$ .....	\$ .....	\$ .....
(2) Real estate	\$ .....	\$ .....	\$ .....
(3) Other (including items <5% of total capital tax liabilities)	\$ 33,772,307	\$ 25,064,738	\$ 8,707,569
(99) Subtotal	\$ 33,772,307	\$ 25,064,738	\$ 8,707,569
(c) Deferred tax liabilities (3a99 + 3b99)	\$ 42,488,491	\$ 32,589,658	\$ 9,898,833
<b>4. Net deferred tax assets/liabilities (2i - 3c)</b>	\$ 28,110,995	\$ 27,012,920	\$ 1,098,075

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

The provision for federal income taxed 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	\$ 45,503,327	\$ 15,926,164	35.00%
(b) Tax-Exempt Interest	\$ (11,776,244)	\$ (4,121,685)	(9.06%)
(c) Dividends Received Deduction	\$ (3,403,252)	\$ (1,191,138)	(2.62%)
(d) Proration	\$ 2,276,924	\$ 796,924	1.75%
(e) Meals & Entertainment	\$ 1,000,000	\$ 350,000	0.77%
(f) Statutory Valuation Allowance	\$ 0	\$ 0	0%
(g) Foreign Taxes	\$ 0	\$ 0	0%
(h) Other, Including Prior Year True-up	\$ (3,422,742)	\$ (1,197,960)	(2.63%)
Total	\$ 30,178,014	\$ 10,562,304	23.21%
2. Description:			
(a) Federal Income Tax Incurred [Expense/(Benefit)]		\$ 117,671	0.26%
(b) Tax on Capital Gains/(Losses)		\$ 7,660,069	16.83%
(c) Change in Net Deferred Income Tax [Charge/(Benefit)]		\$ 2,784,564	6.12%
Total		\$ 10,562,304	23.21%

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:	\$ 4,173,027

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	\$ 0	\$ 0	\$ 0
2012	\$ 457,119	\$ 7,660,069	\$ 8,117,188
Total	\$ 457,119	\$ 7,660,069	\$ 8,117,188

3. Deposits admitted under IRC S6603:  
NONE

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

- Trustgard Insurance Company  
Grange Indemnity Insurance Company  
Grange Insurance Company of Michigan  
Grange Property & Casualty Insurance Company  
Grange America Corporation  
T.G. Insurance Agency, Inc.  
Trustgard Insurance Company  
Grange Indemnity Insurance Company
- 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

- NONE
- NONE
- NONE
- At December 31, 2012, the Company reported \$3,371,998 as amounts receivable from its Subsidiaries and Affiliates. The terms of the settlement require that these amounts be settled within 45 days. Subsidiary, Grange Life Insurance Company, reimburses the parent company, Grange Mutual Casualty Company, for salaries, F.I.C.A., employee relations and welfare, directors' fees, travel, rent, equipment, and printing and stationery monthly. Subsidiaries, Trustgard Insurance Company, Grange Insurance Company of Michigan, Grange Property & Casualty Insurance Company, and Grange Indemnity Insurance Company reimburse the parent company, Grange Mutual Casualty Company, for salaries, F.I.C.A., and employee relations and welfare monthly. Other expenses and Intercompany receivable and/or payable balances are reimbursed quarterly on an as made basis.
- NONE
- NONE
- NONE
- NONE
- NONE
- NONE
- NONE
- NONE

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11. DEBT

A. NONE

B. 1) The Company is a member of the Federal Home Loan Bank (FHLB) of Cincinnati. Through its membership, the Company participated in the Cash Management Advance Program (CMAP) in 2012 and 2011. In 2012, The Company did not access the CMAP for a cash advance. During 2011, a cash advance in the amount of \$1,000,000 was received and subsequently repaid after two weeks, in October 2011. It is the Company's strategy to utilize cash advances for operations, and any funds obtained from the FHLB of Cincinnati for operations would be accounted for consistent with SSAP No. 15, Debt and Holding Company Obligations as borrowed money.

The table below indicates the amount of FHLB of Cincinnati stock purchased, collateral pledged, assets and liabilities related to the agreement with FHLB Cincinnati.

	2012	2011
2) FHLB stock purchased/owned as part of the agreement:		
Purchased:	0	115,200
Owned as of December 31:	2,608,900	2,608,900
3) Collateral pledged to the FHLB	48,175,973	62,426,657
4) Borrowing capacity currently available	45,436,312	57,926,014
5) Agreement assets and liabilities		
General Account:		
a. Assets	0	0
b. Liabilities	0	0
Separate Account:		
c. Assets	0	0
d. Liabilities	0	0

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

The Company offers a defined benefit plan (Plan), amended and restated, to its full time employees that were hired on or before December 31, 2006. Under the terms of the Plan, participants are eligible to receive normal retirement benefits upon reaching age 65. A participant may elect an early retirement date at a reduced benefit upon reaching age 55 and completing 5 years of credited service. The normal form of benefits is a life annuity for single participants and a 50% joint and survivor pension for married participants. Optional forms of benefit payments are available at the election of the participant. Under the provisions of the Plan, benefits are determined by applying factors specified in the Plan to a participant's defined average monthly compensation. The terms of the Plan provide that participants who were covered under the Plan prior to amendment and restatement, shall receive a benefit at least equal to that determined on the former basis. Complete vesting occurs with the completion of 5 years of credited service. As of December 31, 2011 all participants in the Plan were 100% vested. The Company's contributions to the Plan are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future. The Company uses a December 31 measurement date for the Plan.

In addition to the Plan, the Company sponsors a defined benefit plan (Postretirement Plan) that provides postretirement health care and life insurance benefits to participants upon reaching age 55 and completing 10 years of credited service. The Postretirement Plan covers employees that were hired on or before December 31, 2005. The Postretirement Plan is contributory, with retiree contributions adjusted annually, and contains other cost-sharing features, such as deductibles and coinsurance. The accounting for the Postretirement Plan anticipates future cost-sharing changes to the written plan that are consistent with the Company's expressed intent to increase the retiree contribution rate annually for the expected general inflation rate for that year. The Company's policy is to pay the cost of benefits with cash flows from current operations; therefore, there were no Postretirement Plan assets as of December 31, 2012 or 2011. The Company uses a December 31 measurement date for the Postretirement Plan.

There were no amendments to the Plan or Postretirement Plan during the years ended December 31, 2012 and 2011.

A. Defined Benefit Plan

	<u>Pension Benefits</u>		<u>Other Benefits</u>	
	2012	2011	2012	2011
(1) Change in benefit obligation				
a. Benefit obligation at beginning of year	\$ 142,814,620	\$ 118,879,163	\$ 33,561,633	\$ 28,392,635
b. Service cost	\$ 6,771,736	\$ 8,994,592	\$ 2,699,424	\$ 1,907,913
c. Interest cost	\$ 6,900,201	\$ 6,732,216	\$ 1,599,445	\$ 1,580,804
d. Contribution by plan participants	\$ 0	\$ 0	\$ 0	\$ 0
e. Actuarial gain (loss)	\$ 18,087,314	\$ 16,337,116	\$ 2,499,595	\$ 3,929,401
f. Foreign currency exchange rate changes	\$ 0	\$ 0	\$ 0	\$ 0
g. Benefits paid	\$ (13,415,683)	\$ (8,128,467)	\$ (1,029,256)	\$ (2,249,120)
h. Plan amendments	\$ 0	\$ 0	\$ 0	\$ 0
i. Business combinations, divestitures, curtailments, settlements and special termination benefits	\$ 0	\$ 0	\$ 0	\$ 0
j. Benefit obligation at end of year	\$ 161,158,188	\$ 142,814,620	\$ 39,330,841	\$ 33,561,633
(2) Change in plan assets				
a. Fair value of plan assets at beginning of year	\$ 109,897,501	\$ 91,914,623	\$ 0	\$ 0
b. Actual return on plan assets	\$ 13,294,522	\$ 1,326,446	\$ 0	\$ 0
c. Foreign currency exchange rate changes	\$ 0	\$ 0	\$ 0	\$ 0
d. Employer contribution	\$ 7,694,918	\$ 24,784,899	\$ 1,029,256	\$ 2,249,120
e. Plan participants' contributions	\$ 0	\$ 0	\$ 0	\$ 0
f. Benefits paid	\$ (13,415,683)	\$ (8,128,467)	\$ (1,029,256)	\$ (2,249,120)
g. Business combinations, divestitures and settlements	\$ 0	\$ 0	\$ 0	\$ 0
h. Fair value of plan assets at end of year	\$ 117,471,258	\$ 109,897,501	\$ 0	\$ 0
(3) Funded status				
a. Unamortized prior service cost	\$ (43,686,930)	\$ (32,917,119)	\$ (41,794,544)	\$ (36,600,377)
b. Unrecognized net gain or (loss)	\$ 73,839,804	\$ 63,133,956	\$ 10,347,250	\$ 8,693,829
c. Remaining net obligation or net asset at initial date of	\$ (152,874)	\$ (216,837)	\$ 0	\$ 0

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application				
d. Prepaid assets or accrued liabilities	\$ 30,000,000	\$ 30,000,000	\$ (31,447,294)	\$ (27,906,548)
e. Intangible asset	\$ 0	\$ 0	\$ 0	\$ 0

	Pension Benefits		Other Benefits	
	2012	2011	2012	2011
(4) Accumulated benefit obligation for vested employees and partially vested employees to the extent vested	\$ 121,205,789	\$ 108,730,236	\$ 0	\$ 0
(5) Benefit obligation for non-vested employees				
a. Projected pension obligation	\$ 0	\$ 0	\$ 0	\$ 0
b. Accumulated benefit obligation	\$ 0	\$ 0	\$ 0	\$ 0
(6) Components of net periodic benefit cost				
a. Service cost	\$ 6,771,736	\$ 8,994,592	\$ 2,699,424	\$ 1,907,913
b. Interest cost	\$ 6,900,201	\$ 6,732,216	\$ 1,599,445	\$ 1,580,804
c. Expected return on plan assets	\$ (9,242,771)	\$ (7,961,781)	\$ 0	\$ 0
d. Amortization of unrecognized transition obligation or transition asset	\$ (63,963)	\$ (63,963)	\$ 0	\$ 0
e. Amount of recognized gains and losses	\$ 3,329,715	\$ 2,083,825	\$ 846,174	\$ 436,248
f. Amount of prior service cost recognized	\$ 0	\$ 0	\$ (575,041)	\$ (687,060)
g. Amount of gain or loss recognized due to a settlement or curtailment	\$ 0	\$ 0	\$ 0	\$ 0
h. Total net periodic benefit cost	\$ 7,694,918	\$ 9,784,889	\$ 4,570,002	\$ 3,237,905

(7) \$ 3,734,540 arising from a change in the additional minimum pension liability recognized is included in unassigned funds.

	2012	2011
(8) Weighted-average assumptions used to determine net periodic benefit cost as of Dec. 31		
a. Weighted-average discount rate	4.900	5.750
b. Expected long-term rate of return on plan assets	8.000	8.000
c. Rate of compensation increase	3.680	3.860

Weighted-average assumptions used to determine projected benefit obligations as of Dec. 31:

d. Weighted-average discount rate	4.100	4.900
e. Rate of compensation increase	3.710	3.680

(9) A measurement date of December 31, 2012 was used to determine the above.

(10) The discount rate used in determining the accumulated postretirement benefit obligation was 4.10 percent and the health care cost trend rate was 7.50% graded to 5.00% over 7 years.

(11) Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	1 Percentage Point Increase	1 Percentage Point Decrease
a. Effect on total of service and interest cost components	\$ 736,129	\$ (591,241)
b. Effect on postretirement benefit obligation	\$ 5,405,305	\$ (4,453,043)

(12) The defined benefit pension plan asset allocation as of the measurement date, December 31, 2012 and the target asset allocation, presented as a percentage of total plan assets were as follows:

	2012	2011	Target Allocation
a. Debt Securities	23.0%	22.4%	22.0% - 26.0%
b. Equity Securities	66.0%	55.4%	63.0% - 67.0%
c. Real Estate	0.0%	0.0%	0.0% - 0.0%
d. Other	11.0%	22.2%	9.0% - 13.0%
e. Total	100.0%	100.0%	% - %

The assets of the Plan are managed to maximize total investment returns and provide sufficient funding for present and anticipated future benefit obligations within the constraints of a prudent level of portfolio risk and asset diversification.

To develop the expected long-term rate of return on assets assumption, the Company considered the historical compound rates of return realized on Plan assets and the future expectations for returns by each asset class, as well as the target asset allocation of the overall portfolio. Evaluation of these factors resulted in the selection of the 8.00% long-term rate of return assumption that was used to calculate the net periodic pension cost for the Plan. The expected long-term rate of return on assets is a long-term assumption and generally does not change annually.

(13) The following estimated future payments, which reflect expected future service, as appropriate, are expected to be paid by the Plan in the years indicated:

Year(s)	Amount
a. 2013	\$ 10,081,779
b. 2014	\$ 5,360,211
c. 2015	\$ 5,570,569
d. 2016	\$ 6,204,995
e. 2017	\$ 8,165,991
f. Thereafter Total	\$ 45,765,273

The benefits expected to be paid are based on the same assumptions used to measure the Company's benefit obligation at December 31, 2012 and include estimated future employee service.

The Company's expected contributions to the Plan and Postretirement Plan are \$0 and \$1,750,000 in 2013, respectively. The source of the funding will be cashflow from operations.

As a supplement to the benefits provided under the Plan, the Company sponsors an additional defined benefit plan (Supplemental Plan) for certain of its

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management and highly compensated employees (as defined). Under the terms of the Supplemental Plan, a participant's benefit is equal to the benefit which would have been earned under the Plan, if the provisions of the Plan were administered without regard to the annual compensation limitations set forth in Section 401(a)(17) of the Internal Revenue Code of 1986, as amended, reduced by the benefits earned under the Plan. Participants are eligible to begin receiving benefits under the Supplemental Plan as of the date in which benefit payments begin under the Plan. The normal form of benefits is a life annuity for single participants and a 50% joint and survivor pension for married participants. Optional forms of benefit payments available under the Plan are also available to participants under the Supplemental Plan. The projected benefit obligation for the Supplemental Plan was \$1,643,093 and \$1,278,512 at December 31, 2012 and 2011, respectively. The net periodic cost for the Supplemental Plan was \$392,150 and \$196,221 in 2012 and 2011, respectively. The Company's policy is to pay the costs arising from the Supplemental Plan with cash flows from current operations; therefore, there were no Supplemental Plan assets as of December 31, 2012 or 2011. The Company uses a December 31 measurement date for the Supplemental Plan.

The Company also offers a defined benefit plan (Board Plan), amended and restated, for non-employee members of the Board who were first elected to the Board on or before January 1, 1996. Under the terms of the Board Plan, participants are eligible to receive retirement benefits upon reaching age 60 and completing 5 years of credited service. Under the provisions of the Board Plan, benefits are equal to the participant's annual retainer in effect on the date of retirement and continue for the lifetime of the participant. The projected benefit obligation for the Board Plan was \$4,641,202 and \$4,828,053 at December 31, 2012 and 2011, respectively. The net periodic cost for the Board Plan was \$286,918 and \$247,951 in 2012 and 2011, respectively. The Company's policy is to pay the costs arising from the Board Plan with cash flows from current operations; therefore, there were no Board Plan assets as of December 31, 2012 or 2011. The Company uses a December 31 measurement date for the Board Plan.

In addition to the defined benefit plans described in the preceding paragraphs, the Company offers a defined contribution plan (Grange DC Plan) in which employees who have not made an election whether to participate or not are automatically enrolled with a 6% of base pay contribution rate following thirty days of employment. New employees may opt out of the automatic enrollment process. A participant may authorize payroll deductions ranging from 1% to 50% of their base salary (in 1% increments) utilizing one or more of the following contribution options available within the Plan: 1) basic contributions (before-tax contributions); 2) Roth contributions; 3) after-tax contributions; and 4) catch-up contributions, if the participant is age 50 or older. The total dollar amount that may be contributed by a participant each calendar year is subject to certain limitations, as defined by the Plan. In addition, the total percentage deducted as basic, Roth, and after-tax contributions may not exceed 50% of a participant's base salary. The Company contributes a 50% match of each participant's basic and Roth contributions that does not exceed 6% of compensation. Such contributions made by the Company were \$2,491,599 and \$2,342,540 in 2012 and 2011, respectively.

There were no amendments to the Grange DC Plan during the years ended December 31, 2012 and 2011.

The Grange DC Plan also provides that additional employer contributions (as defined) may be made in such amounts as determined by the Board. Only participants who have made basic or Roth contributions during an accounting year (as defined) and have a basic or Roth contribution account on the last day of such accounting year are eligible to receive the additional employer contribution. Additional employer contributions are made in proportion to basic or Roth contributions made by eligible employee participants during such accounting year, less withdrawals. Additional employer contributions were approximately \$540,000 and \$0 in 2012 and 2011, respectively.

All employee contributions to the Grange DC Plan are 100% vested at all times. All employer matching and additional employer contributions are 100% vested after a participant has completed 2 years of service with the Company.

In addition to the Grange DC Plan described in the preceding paragraphs, the Company offers a defined contribution plan, referred to as RA Accounts, to employees of the Company who are hired on or after January 1, 2007, as they are not eligible to participate in the Plan. The Company makes a RA Account contribution to each participant who is in the active employment of the Company as of the last day of the RA Account plan year (December 31). The amount of the Company's contribution to each participant is determined based on a formula that takes into account an employee's salary, age and years of credited service.

Employer contributions to the RA Accounts become 100% vested upon the employee completing three years of credited service. The Company contributed approximately \$860,000 and \$711,000 to the RA Accounts in 2012 and 2011, respectively.

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

1. NONE
2. NONE
3. NONE
4. NONE
5. NONE
6. NONE
7. NONE
8. NONE
9. NONE
10. The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is \$42,006,260
- 11.

<b>Surplus Notes:</b>	<u>I-Preferred Term Securities III, LTD.</u>	<u>I-Preferred Term Securities III, LTD.</u>
a. Date Issued	October, 29 2003	October, 29 2003
b. Assets received	\$15,000,000	\$20,000,000
c. Holder of the note	U. S. Bank, N.A.	U. S. Bank, N.A.
d. Par value	\$15,000,000	\$20,000,000
e. Carrying value of the note	\$15,000,000	\$20,000,000
f. Interest rate	3-Month LIBOR + 3.95%	3-Month LIBOR + 3.95%
g. Stated term of the note	30 years	30 years
h. Unapproved interest or principal	\$0	\$0
i. Interest and/or principal paid current year	\$674,580	\$899,388
j. Total interest/principal paid on surplus notes	\$8,715,579	\$11,620,697
k. Subordination terms: In the event of the rehabilitation, liquidation, conservation, dissolution, reorganization or receivership of the Company, the claims under the Surplus Notes shall be paid out of any assets remaining after payment of all Policy Claims and all Senior Indebtedness of the Company. Provided however that the claims of any holder of a Surplus Note shall not be subordinated to the claim of any other holder of a Surplus Note. The payment by the Company of the principal of, and premium, if any, and interest on all Surplus Notes shall, to the extent and in the manner hereinafter set forth, be subordinated and junior in right of payment to the prior payment in full of all Policy Claims and Senior Indebtedness of the Company, whether outstanding at the date of this Indenture or thereafter incurred.		
l. Liquidation preference to the reporting entity's common and preferred shareholders: Not Applicable		
m. Repayment conditions and restrictions: All payments of interest on and repayment of principal of these Surplus Notes may only be made with the prior approval of The Ohio Department of Insurance (Department). There are no specific limitations on the extent of the Department's discretion in determining whether the financial condition of the Company warrants the making of such payments.		
n. NONE		

12. NONE
13. NONE

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14. CONTINGENCIES

- A. Contingent Commitments – None
- B. Assessments – In the ordinary course of business, The Company receives notification of potential assessments as a result of the insolvency of insurance companies. It is expected that the insolvencies will result in a retrospective-based guaranty fund assessment against The Company. The Company has recorded a liability for these guaranty fund assessments in the amount of \$1,298,974. Included in this amount are the insolvencies of Legion Insurance Company in the amount of approximately \$314,000 and Home Insurance in the amount of approximately \$263,000. The remaining amount includes nearly 20 separate insolvencies. This amount includes assessments against all companies discussed in Footnote 1C above. The Company does not record premium tax offsets as an asset, since these amounts would be non-admitted, given the lengthy nature of insolvency assessments.
- C. Gain Contingencies – NONE
- D. Claims Related Extra Contractual Obligations and Bad Faith Losses Stemming from Lawsuits - Various lawsuits against the Company have arisen in the course of the Company's business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company.

15. LEASES

- A. Lessee Leasing Arrangements
  - 1. Excluding the sale-leaseback noted in #3 immediately below, the Company's leases are limited to claims branch offices and certain operating leases for office equipment, which are immaterial. There are no contingent rental payments under these agreements, nor are there any restrictions (for example, on the ability to pay dividends) placed on the Company arising from these agreements.
  - 2. Related to the sale-leaseback in #3 immediately below, as of December 31, 2012, the Company's future minimum rental payments for each of the next five years are approximately:

Year ending December 31:	Operating Leases
1. 2013	\$1,086,000
2. 2014	\$1,086,000
3. 2015	\$1,086,000
4. 2016	\$1,086,000
5. 2017	\$1,086,000
6. Total	\$7,604,000

- 3. On December 26, 2012, the Company executed a sale-leaseback agreement with Key Equipment Finance, Inc. whereby the Company sold certain software assets and will begin a 7 year operating lease related to that software on January 1, 2013. The operating lease provides for a fixed payment schedule and obligates the Company to annual lease payments of approximately \$1,086,000 per year. At the end of this operating lease, a balloon payment of approximately \$2,242,000 will be due.

- B. Lessor Leasing Arrangements  
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 \$73.5 million. Collateral received from lending activities is maintained in accordance to the securities lending agreement, whereby the collateral requirement shall be an amount equal to 102% of the then current market value of the relevant loaned securities where securities and collateral are denominated in the same currency, and 105% for all other securities. The Company's lending agent, JPMorgan Chase Bank, reinvests the cash collateral according to investment guidelines outlined in the securities lending agreement and is reported on-balance sheet. Collateral received in the form of securities are restricted and off-balance sheet. The Company is not able to sell or reinvest the securities received as collateral and according to the MLSA, the borrower bears all the risk associated with said securities.
- C. NONE

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

NONE

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

NONE

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20. FAIR VALUE MEASUREMENTS

A.

1. Fair Value Measurements as of December 31, 2012:

Description	Level 1	Level 2	Level 3	Total
<b>a. ASSETS AT FAIR VALUE</b>				
Perpetual Preferred Stock				
Industrial & Misc	1,377,415	0	0	1,377,415
Parent, Subs, & Affiliates	0	0	0	0
Total Perpetual Preferred Stock	1,377,415	0	0	1,377,415
Bonds				
US Governments	0	0	0	0
US States, Territories, & Possessions	0	0	0	0
US Political Subdivisions	0	0	0	0
US Special Rev & Assessment	0	0	0	0
Industrial & Misc	0	4,180,661	0	4,180,661
Parent, Subs, & Affiliates	0	0	0	0
Total Bonds	0	4,180,661	0	4,180,661
Common Stock				
Industrial & Misc	228,351,288	134,638	0	228,485,925
Parent, Subs, & Affiliates	0	0	188,056,560	188,056,560
Total Common Stock	228,351,288	134,638	188,056,560	416,542,485
Other Invested Assets				
Other Invested Assets	0	8,522,522	47,904,012	56,426,533
Total Other Invested	0	8,522,522	47,904,012	56,426,533
<b>TOTAL ASSETS AT FAIR VALUE</b>	<b>229,728,703</b>	<b>12,837,820</b>	<b>235,960,571</b>	<b>478,527,095</b>
<b>b. LIABILITIES AT FAIR VALUE</b>				
Derivative liabilities				
Derivative liabilities	0	0	0	0
Total Derivative Liabilities	0	0	0	0
<b>TOTAL LIABILITIES AT FAIR VALUE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

2. Fair Value Measurements in Level 3 of the Fair Value:

	Balance at 01/01/2012	Transfers in to Level 3	Transfers out Level 3	Total G/(L) included in Net Income	Total G/(L) included in Surplus	Purchases,	Issuances	Sales	Settlements	Balance at 12/31/2012
Common Stock	170,929,069	0	0	0	17,127,491	0	0	0	0	188,056,560
Other Invested Assets	44,164,029	0	0	358,919	3,381,064	0	0	0	0	47,904,012
<b>Total</b>	<b>215,093,098</b>	<b>0</b>	<b>0</b>	<b>358,919</b>	<b>20,508,554</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>235,960,571</b>

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

As of December 31, 2012, the reported fair value of the entity's investments categorized within Level 2 and Level 3 of the fair value hierarchy are as follows:

**Bonds** - 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. Therefore, the Company reported \$4.2 million of bonds with non-investment grade ratings at fair value on the statement of financial position as of December 31, 2012. At the end of every quarter and at year-end, the Company utilizes fair values provided by the Securities Valuation Office (SVO) of the National Association of Insurance Commissioners (NAIC). The SVO is responsible for the credit quality assessment and valuation of securities owned by state regulated insurance companies. Fair value is determined by evaluations that are based on observable market information rather than market quotes. Inputs to the evaluations include, but are not limited to, market prices from recently completed transactions and transactions of comparable securities, credit spreads, interest rate yield curves, and other market-observable information. Thus, fixed income securities measured and reported at fair value are included in the amounts disclosed in Level 2 of the hierarchy.

**Common Stocks, Industrial & Misc** - According to statutory accounting rules, common stocks are reported at fair value. The Company holds two positions not actively traded. One is frequently quoted and the manager marks the position to market monthly based on indicated bid levels received from broker/dealers. The other represents membership in NAMIC (National Association of Mutual Insurance Cos.) and is valued by the SVO. Therefore these securities are included in level 2.

**Parent, Subsidiaries, and Affiliates** - The Company's investments in six subsidiaries are measured and reported at fair value as of December 31, 2012 for each respective entity totaling \$188.1 million in aggregate. Fair value measurement is determined by the individual entity's surplus at the end of a period, or the amount by which assets exceed liabilities. Each subsidiary is in the insurance industry, whereby its assets are largely comprised of fixed income securities carried at amortized cost and its liabilities represent reserves for underwriting losses. Some inputs to the valuation methodology are unobservable and significant to the fair value measurement, and result in disclosure at Level 3.

**Other Invested Assets** - Included in other invested assets are five limited partnerships, two of which are considered private equity funds that invest in equity securities and debt or other securities providing equity like returns. The private equity funds are reported at their most recently available fair value provided by the Managing Member of the Fund, net any contributions or distributions since said report, totaling \$0.4 million as of December 31, 2012. Fair value is the amount that would be received to sell an asset or paid to transfer a

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liability, in an orderly transaction between market participants at the measurement date. The Managing Member is required to make significant judgments that impact the reported fair value of investments. Fair value is determined using valuation methodologies after giving consideration to a range of factors including, but not limited to, the price at which the investment was acquired, the nature of the investment, relevant market conditions, trading values on public exchanges for comparable securities discounted accordingly for size, current and projected operating performance, and financing transactions subsequent to the acquisition of the investment. A financial instrument's categorization within the fair value hierarchy is based on the lowest level of input that is significant to its fair value measurement. As of December 31, 2012 all investments related to the private equity funds are classified as Level 3 assets.

The other three limited partnerships, totaling \$56.0 million as of December 31, 2012 are considered hedge funds. Fair value reported on the statement of financial position represents the most recently available valuation provided by the fund manager, usually the previous month from the reporting date due to the timing for receipt of the monthly statement. One hedge fund, with a fair value of \$8.5 million, has underlying assets consisting of cash and marketable equity securities. The Company's investment in the fund is valued at the proportionate interest in the net asset value of the marketable securities held by the partnership. Some investments are quoted prices in markets that are not considered to be active for identical assets or liabilities, quoted prices in active markets for similar assets or liabilities and inputs other than quoted prices that are directly observable or indirectly through corroboration with observable market data. As of December 31, 2012, the partnership is classified as Level 2 assets. The remaining two hedge funds, valued at \$47.5 million, report fair value based on values provided to a trustee by the fund manager. The Company's investment in each is valued at the proportionate interest in the net asset value of the partnership. There are no unfunded commitments related to the hedge funds and units are redeemable at net asset value with the appropriate prior written notice. Inputs are unobservable and result in disclosure at Level 3 of the fair value hierarchy.

C.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Not Practicable (CV)
Bonds	996,717,980	928,924,374	105,356,789	891,361,192	0	0
Common Stock	416,542,485	416,542,485	228,351,288	134,638	188,054,560	2,000
Perpetual Preferred	4,750,618	3,325,841	3,459,238	1,291,380	0	0
Other Invested Asset	56,426,533	56,426,533	0	8,522,522	47,904,012	0
Money Market	20,744,502	20,744,502	20,744,502	0	0	0
<b>TOTAL</b>	<b>1,495,182,118</b>	<b>1,425,963,735</b>	<b>357,911,817</b>	<b>901,309,731</b>	<b>235,958,571</b>	<b>2,000</b>

D. Not Practicable to Estimate Fair Value

Type of Financial Instrument	Carrying Value	Effective Interest Rate	Maturity Date	Explanation
Bonds				
Common Stock	2,000	N/A	N/A	Non-insurance Subsidiary
Perpetual Preferred				
Other Invested Asset				
Money Market				
<b>TOTAL</b>	<b>2,000</b>			

21. OTHER ITEMS

- A. NONE
- B. NONE
- C. The Company is a co-borrower with Grange Life Reinsurance Company (GLRE), which is a wholly-owned subsidiary of Grange Life Insurance Company (GLIC), under a \$100,000,000 conditional letter of credit facility (the LOC) that was executed in December 2012 and expires in December 2016. The LOC is utilized as security to enable GLIC to secure statutory reserve credit for the reinsurance ceded to GLRE under its reinsurance agreements. The total amount outstanding under the LOC was \$14,500,000 as of December 31, 2012.
- D. NONE
- E. NONE
- F. NONE
- G. Subprime Mortgage Related Risk Exposure
  - 1. Management Definition of Exposure to Subprime Mortgage Related Risk:

Management defines "subprime" mortgage loans as mortgage loans that are originated with an inherently higher risk profile or have a loan structure that is distinctly different from that of traditional mortgage loans. Management considers the following factors in determining whether or not a mortgage represents a subprime risk: borrowers with low credit ratings (FICO score); unconventionally high initial loan-to-value ratios (LTVs); unconventionally structured loans (option pay adjustable rate mortgages or negative amortizing loans); unconventionally high interest rates; and less than conventional documentation of the borrower's income and/or assets.

The overall characteristics of The Company's residential mortgage loan portfolio (the "Portfolio") are positive and indicate that the Portfolio, as a whole, does not have significant exposure to subprime mortgage related risk. At origination, the Portfolio had an average FICO score of greater than 700 and an original LTV of less than 80%. There are no option pay adjustable rate mortgages and no negatively amortizing loans in the Portfolio. Additionally, the majority of the Portfolio was originated with conventional documentation to support borrower income and/or assets.

On a loan-by-loan basis, management recognizes that the Portfolio does contain individual mortgage loans that exhibit characteristics the industry commonly associates with subprime. Management considers individual loans to have higher exposure to subprime mortgage risk at origination if the credit (FICO score) of the borrower was less than 620 or if the LTV was greater than 95%. Although individual loans with such characteristics exist within the Portfolio, there are significant mitigating factors in place to reduce the Company's exposure to subprime mortgage risk and reduce the likelihood of a loss on these loans. As of December 31, 2012, each of the 2 individual mortgage loans with an LTV greater than 95% (direct exposure of \$220,710 of outstanding principal) have private mortgage insurance (PMI) to guarantee the payment of outstanding principal in case of default. There were no borrowers with a FICO score less than 620.

The Company purchased the Portfolio on June 30, 2007 and management has no plans to originate new mortgage loans. As such, the Company considers the Portfolio to be a "closed block" of loans that are in run-off. Management mitigates the Company's subprime mortgage risk exposure by monitoring individual mortgage loans in the Portfolio for signs of distress on a monthly basis through mortgage loan delinquency reports and other methods, as appropriate. On a quarterly basis, management analyzes the Portfolio for potential write-downs, which includes an evaluation of exposure to unrealized losses due to a decline in home values, as well as realized losses resulting from delinquent payments or

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instances of foreclosure where it is more likely than not a home will be sold for less than the amount of outstanding principal and interest due to the Company.

2. Estimated Direct Exposure Through Investments in Subprime Mortgage Loans:

	Book/Adjusted Carrying Value (excluding interest)	Fair Value	Value of Land and Buildings	Other Than Temporary Impairment Losses Recognized	Default Rate
a. Mortgages in the process of foreclosure	0	0	0	0	0
b. Mortgages in good standing	198,602	212,000	212,000	0	0
c. Mortgages with restructure terms	0	0	0	0	0
d. Total	<u>198,602</u>	<u>212,000</u>	<u>212,000</u>	<u>0</u>	<u>0</u>

3. Management considers the Company's holdings in securities with underlying subprime exposure to be minimal. The majority of residential mortgage backed securities (RMBS) in the portfolio are issued by government-sponsored enterprises (GSEs). Securities with collateral that contain subprime characteristics based on low credit (FICO scores less than 620) and/or high LTVs represent less than 1% of the Company's invested assets. In addition, these securities were issued prior to 2006. The Company's bond portfolio does not include any positions in collateralized debt obligations (CDOs) on a direct basis. On a quarterly basis, management reviews all loan-backed and structured securities with an unrealized loss position according to SSAP 43-R. The best estimate of future cash flows using the appropriate discount rate is calculated for each affected security. To assist in this effort, a brokerage firm provides forward-looking assumptions for default rates, voluntary prepayment speeds, and loss severities on a majority of the securities governed by SSAP 43R. The outcomes of this process assure that anticipated cash flows will not be less than the carrying value subsequent to other-than-temporary impairments. As of December 31, 2012, management estimates there were no unrealized losses present due to subprime mortgage exposure.

The Company has no estimated direct exposure to subprime mortgage risk through other investments.

4. Underwriting Exposure to Subprime Mortgage Risk:

The Company does not write Mortgage Guaranty or Financial Guaranty insurance coverage, nor does it write any other lines of insurance with underwriting exposure to subprime mortgage risk.

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 exceed 3% of Surplus

B. REINSURANCE RECOVERABLE IN DISPUTE

NONE

C. REINSURANCE ASSUMED AND CEDED

1.		Assumed Reinsurance		Ceded Reinsurance		Net	
		Premium	Commission	Premium	Commission	Premium	Commission
		Reserve	Equity	Reserve	Equity	Reserve	Equity
a.	Affiliates	205,377,092	36,967,876	66,272,603	11,929,068	139,104,489	25,038,808
b.	All Other	579,238	104,263	1,601,543	288,278	(1,022,305)	(184,015)
c.	TOTAL	<u>205,956,330</u>	<u>37,072,139</u>	<u>67,874,145</u>	<u>12,217,346</u>	<u>138,082,185</u>	<u>24,854,793</u>

d. Direct Unearned Premium Reserve 209,848,979

	<u>Direct</u>	<u>Assumed</u>	<u>Ceded</u>	<u>Net</u>
2. Contingent Commission	5,481,080	5,750,276	1,797,017	9,434,339

D. UNCOLLECTIBLE REINSURANCE

NONE

E. COMMUTATION OF CEDED REINSURANCE

NONE

F. RETROACTIVE REINSURANCE

NONE

24. RETROSPECTIVELY RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION

NONE

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25. CHANGES IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

Reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years has increased (decreased) by \$(36.529) million from \$643.986 million in 2011 to \$607.457 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	643,985,967	590,991,235
LESS REINSURANCE RECOVERABLES	217,578,384	149,155,470
NET BALANCE JANUARY 1	426,407,583	441,835,765
INCURRED RELATED TO:		
CURRENT YEAR	636,295,421	669,731,615
PRIOR YEAR	(36,528,869)	(51,829,524)
TOTAL INCURRED	599,766,553	617,902,092
PAID RELATED TO:		
CURRENT YEAR	418,062,235	442,005,507
PRIOR YEAR	182,238,372	191,324,767
TOTAL PAID	600,300,607	633,330,274
NET BALANCE AT DECEMBER 31	425,873,529	426,407,583
PLUS REINSURANCE RECOVERABLES	248,094,531	217,578,384
BALANCE AT DECEMBER 31	673,968,060	643,985,967

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

All unassigned structure settlements where the claimant is the payee have amortized values, by company, less than 1% of the Company's surplus.

28. HEALTH CARE RECEIVABLES

NONE

29. PARTICIPATING POLICIES

NONE

30. PREMIUM DEFICIENCY RESERVES

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

31. HIGH DEDUCTIBLES

NONE

32. DISCOUNTING OF LIABILITIES FOR UNPAID LOSSES OR UNPAID LOSS ADJUSTMENT EXPENSES

NONE

33. ASBESTOS/ENVIRONMENTAL RESERVES

NONE

34. SUBSCRIBER SAVINGS ACCOUNTS

NOT APPLICABLE

35. MULTIPLE PERIL CROP INSURANCE

NONE

36. FINANCIAL GUARANTY INSURANCE

NONE

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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: \$.....0

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. \$.....75,016,012
- 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 \$.....75,016,285
  - 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$.....75,016,012
  - 24.103 Total payable for securities lending reported on the liability page \$.....75,016,012

GENERAL INTERROGATORIES

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

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

25.21	Subject to repurchase agreements	\$.....
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	\$.....2,805,125
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

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

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

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

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

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

1 Name of Custodian(s)	2 Custodian’s Address
JP Morgan Chase Bank, N.A.....	1111 Polaris Parkway, Columbus, OH 43240.....
Federal Home Loan Bank of Cincinnati.....	221 E. 4th St., 1000 Atrium 2, Cincinnati, OH 45202

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

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
111242.....	State Street Global Advisors.....	State Street Financial Center, One Lincoln St, Boston, MA 02111.....
109627.....	Caywood-Scholl Capital Management, LLC.....	4250 Executive Square, Suite 400, LaJolla, CA 92037.....
109875.....	Asset Allocation & Management Company.....	30 N. LaSalle St., Chicago, IL 60602.....
105726.....	Thompson, Siegel & Walmsley, Inc.....	6806 Paragon Place, Suite 300, Richmond, VA 23230.....

**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 [ X ] No [ ]
- 29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2001. 362013-45-0.....	GMO INTL Developed Equity Alloc.....	38,377,884
29.2999 TOTAL		38,377,884

- 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
GMO INTL Developed Equity Alloc.....	Total S.A.....	1,228,092	12/31/2012.....

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.....	949,668,876	1,016,288,866	66,619,990
30.2 Preferred Stocks.....	3,325,841	4,732,312	1,406,471
30.3 Totals	952,994,717	1,021,021,178	68,026,461

- 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 [ X ] 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 [ X ] 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 [ X ] 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? \$ .....2,679,393
- 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
Insurance Services Offices, Inc.....	\$.....946,569

- 34.1 Amount of payments for legal expenses, if any? \$ .....799,398
- 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
Michael Best & Friedrich LLP.....	\$.....298,731
Vorys, Sater, Seymour & Pease.....	\$.....295,585

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

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

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

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

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

1.6 Individual policies:

Most current three years:

1.61 Total premium earned ..... \$ .....0  
 1.62 Total incurred claims ..... \$ .....0  
 1.63 Number of covered lives ..... 0

All years prior to most current three years:

1.64 Total premium earned ..... \$ .....0  
 1.65 Total incurred claims ..... \$ .....0  
 1.66 Number of covered lives ..... 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned ..... \$ .....0  
 1.72 Total incurred claims ..... \$ .....0  
 1.73 Number of covered lives ..... 0

All years prior to most current three years:

1.74 Total premium earned ..... \$ .....0  
 1.75 Total incurred claims ..... \$ .....0  
 1.76 Number of covered lives ..... 0

2. Health Test:

		1		2
		Current Year		Prior Year
2.1	Premium Numerator	\$ .....0	\$	.....0
2.2	Premium Denominator	\$ .....869,132,543	\$	.....876,539,182
2.3	Premium Ratio (2.1/2.2)	.....0.000		.....0.000
2.4	Reserve Numerator	\$ .....521,409	\$	.....538,818
2.5	Reserve Denominator	\$ .....773,795,349	\$	.....754,748,799
2.6	Reserve Ratio (2.4/2.5)	.....0.001		.....0.001

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

3.21 Participating policies ..... \$ .....0  
 3.22 Non-participating policies ..... \$ .....0

4. For Mutual reporting entities and Reciprocal Exchanges only:

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

5. For Reciprocal Exchanges Only:

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

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

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

**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..... 0.0 %  
 12.42 To..... 0.0 %  
 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? ..... Yes [ ] No [ X ]  
 12.6 If yes, state the amount thereof at December 31 of current year:  
 12.61 Letters of Credit..... \$ .....0  
 12.62 Collateral and other funds..... \$ .....0  
 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): ..... \$ .....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 MUTUAL CASUALTY 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
<b>Gross Premiums Written</b> (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)	439,634,989	437,873,381	475,790,767	479,403,087	453,046,519
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	281,682,275	281,340,263	310,908,619	326,524,647	315,296,987
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	364,530,704	341,886,423	347,951,885	351,405,281	339,336,778
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	110,133	105,732	138,099	191,819	183,988
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
6. Total (Line 35)	1,085,958,101	1,061,205,798	1,134,789,370	1,157,524,834	1,107,864,272
<b>Net Premiums Written</b> (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)	367,054,975	360,854,489	392,102,475	392,149,327	368,723,142
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	232,247,084	231,889,029	257,729,418	270,603,380	261,268,147
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	289,332,194	271,059,405	279,485,969	278,766,175	268,864,726
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	92,512	88,815	116,004	161,128	154,550
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
12. Total (Line 35)	888,726,765	863,891,738	929,433,866	941,680,010	899,010,565
<b>Statement of Income</b> (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(10,517,556)	(15,329,926)	(32,967,839)	(45,151,326)	1,942,219
14. Net investment gain (loss) (Line 11)	41,555,197	32,477,162	36,049,063	27,743,731	18,456,815
15. Total other income (Line 15)	9,450,574	9,053,871	10,249,532	9,660,761	11,184,899
16. Dividends to policyholders (Line 17)	2,644,957	2,565,191	2,717,938	2,485,657	2,559,229
17. Federal and foreign income taxes incurred (Line 19)	117,671	(1,518,464)	(3,031,051)	(23,627,386)	13,548,929
18. Net income (Line 20)	37,725,587	25,154,380	13,643,869	13,394,895	15,475,775
<b>Balance Sheet Lines</b> (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	1,858,634,685	1,716,471,578	1,725,877,543	1,662,428,998	1,561,761,636
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	163,839,236	154,328,300	163,343,017	172,276,947	164,309,358
20.2 Deferred and not yet due (Line 15.2)	(187,622)	(157,852)	(213,320)	90,158	407,818
20.3 Accrued retrospective premiums (Line 15.3)	0	0	0	0	0
21. Total liabilities excluding protected cell business (Page 3, Line 26)	943,311,485	877,881,168	909,114,808	881,375,678	848,664,177
22. Losses (Page 3, Line 1)	327,749,173	331,532,635	339,508,714	335,623,983	326,927,255
23. Loss adjustment expenses (Page 3, Line 3)	98,124,356	94,874,948	102,327,049	102,883,512	103,706,291
24. Unearned premiums (Page 3, Line 9)	347,931,163	328,336,940	340,984,384	352,712,612	333,648,410
25. Capital paid up (Page 3, Lines 30 & 31)	0	0	0	0	0
26. Surplus as regards policyholders (Page 3, Line 37)	915,323,200	838,590,410	816,762,735	781,053,320	713,097,459
<b>Cash Flow</b> (Page 5)					
27. Net cash from operations (Line 11)	64,348,448	6,619,416	22,566,365	38,760,785	(5,958,838)
<b>Risk-Based Capital Analysis</b>					
28. Total adjusted capital	917,383,310	839,580,522	816,762,735	781,053,320	713,097,459
29. Authorized control level risk-based capital	85,991,491	84,907,322	90,743,239	91,440,881	84,243,234
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b> (Page 2, Col. 3)(Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1)	56.4	56.8	52.8	57.0	63.4
31. Stocks (Lines 2.1 & 2.2)	25.5	26.4	26.3	23.7	20.9
32. Mortgage loans on real estate (Lines 3.1 and 3.2)	0.3	0.4	0.6	1.2	1.9
33. Real estate (Lines 4.1, 4.2 & 4.3)	7.4	8.5	8.8	9.5	8.9
34. Cash, cash equivalents and short-term investments (Line 5)	2.5	1.0	4.7	5.2	1.8
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)	3.4	3.4	3.6	3.4	3.0
38. Receivables for securities (Line 9)	0.0	0.0	0.0	0.0	0.0
39. Securities lending reinvested collateral assets (Line 10)	4.6	3.4	3.2	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
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
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)	188,056,560	170,929,069	157,769,096	145,691,464	133,448,437
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	188,056,560	170,929,069	157,769,096	145,691,464	133,448,437
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)	20.5	20.4	19.3	18.7	18.7

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2012	2 2011	3 2010	4 2009	5 2008
<b>Capital and Surplus Accounts (Page 4)</b>					
51. Net unrealized capital gains (losses) (Line 24) .....	33,298,690	7,195,753	31,462,458	49,199,860	(46,330,465)
52. Dividends to stockholders (Line 35) .....	0	0	0	0	0
53. Change in surplus as regards policyholders for the year (Line 38) .....	76,732,791	21,827,675	35,709,415	67,955,861	(59,104,412)
<b>Gross Losses Paid (Page 9, Part 2, Cols. 1 &amp; 2)</b>					
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) .....	227,930,819	257,893,978	275,252,671	268,334,160	252,642,263
55. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	158,301,113	175,297,267	174,590,306	181,527,070	180,012,762
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) .....	247,031,991	259,465,166	235,159,846	247,278,800	238,006,562
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	199,208	184,912	192,356	228,655	363,396
58. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....	0	0	0	0	0
59. Total (Line 35) .....	633,463,131	692,841,322	685,195,179	697,368,685	671,024,983
<b>Net Losses Paid (Page 9, Part 2, Col. 4)</b>					
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) .....	190,817,415	210,618,072	229,713,906	220,942,153	211,461,353
61. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	130,812,154	141,678,186	146,611,934	151,203,514	147,542,478
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) .....	186,197,238	182,246,599	195,066,731	187,504,565	161,372,799
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	167,335	155,326	161,580	192,070	305,253
64. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....	0	0	0	0	0
65. Total (Line 35) .....	507,994,142	534,698,183	571,554,151	559,842,302	520,681,883
<b>Operating Percentages (Page 4)</b> (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
<b>Other Percentages</b>					
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) .....	30.4	30.7	31.1	31.2	30.8
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) .....	97.1	103.0	113.8	120.6	126.1
<b>One Year Loss Development (000 omitted)</b>					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11) .....	(22,910)	(38,011)	(24,419)	(11,952)	(22,687)
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) .....	(2.7)	(4.7)	(3.1)	(1.7)	(2.9)
<b>Two Year Loss Development (000 omitted)</b>					
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) .....	(43,652)	(43,266)	(24,459)	(38,287)	(47,838)
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) .....	(5.3)	(5.5)	(3.4)	(5.0)	(6.7)

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	687	214	433	20	30	0	194	916	XXX
2. 2003	819,010	30,771	788,240	489,996	31,313	22,945	559	60,940	49	23,424	541,959	XXX
3. 2004	869,595	29,123	840,472	429,525	6,046	21,470	153	65,589	17	24,420	510,368	XXX
4. 2005	882,525	32,197	850,328	418,210	4,064	19,345	515	64,457	5	24,253	497,428	XXX
5. 2006	918,516	38,072	880,444	476,358	21,510	17,505	71	74,839	8	24,096	547,114	XXX
6. 2007	954,215	32,524	921,691	522,168	20,050	17,366	141	71,019	20	28,266	590,342	XXX
7. 2008	942,869	43,591	899,278	581,942	59,712	17,242	831	76,661	50	26,405	615,252	XXX
8. 2009	971,628	49,012	922,616	556,424	15,028	13,251	45	76,580	3	28,431	631,179	XXX
9. 2010	989,029	47,867	941,162	534,276	5,738	9,734	10	80,435	6	31,200	618,691	XXX
10. 2011	929,246	52,707	876,539	540,134	76,665	6,427	305	77,245	11	25,783	546,826	XXX
11. 2012	917,892	48,760	869,133	373,446	19,193	2,527	43	61,340	15	15,513	418,062	XXX
12. Totals	XXX	XXX	XXX	4,923,165	259,533	148,245	2,694	709,136	183	251,984	5,518,137	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	14	15	16	17	18	19	20					
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded					
1. ....	12,915	10,558	108	0	26	161	0	0	236	0	0	2,567	XXX
2. ....	23,761	23,092	(10)	0	0	0	196	0	114	0	75	969	XXX
3. ....	72,098	71,038	58	0	0	0	314	0	202	0	143	1,634	XXX
4. ....	9,497	7,386	186	0	0	0	576	0	151	0	249	3,025	XXX
5. ....	14,365	12,648	369	0	0	0	989	0	179	0	409	3,253	XXX
6. ....	49,111	44,007	678	0	0	0	1,806	0	629	0	658	8,216	XXX
7. ....	18,001	7,583	1,187	0	1	0	2,976	0	800	0	971	15,383	XXX
8. ....	21,418	5,739	1,536	0	1	0	5,358	0	1,322	0	1,694	23,898	XXX
9. ....	86,035	53,040	7,148	0	2	0	10,443	0	3,081	0	3,072	53,669	XXX
10. ....	57,768	5,222	21,536	0	3	0	15,024	0	5,918	0	4,903	95,027	XXX
11. ....	104,877	5,322	73,201	2,460	57	0	20,244	0	27,637	0	13,662	218,233	XXX
12. ....	469,846	245,634	105,998	2,460	90	161	57,927	0	40,268	0	25,837	425,874	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	2,465	102
2. ....	597,941	55,013	542,928	73.0	178.8	68.9	0	0	84.0	659	309
3. ....	589,256	77,255	512,001	67.8	265.3	60.9	0	0	84.0	1,117	516
4. ....	512,422	11,970	500,452	58.1	37.2	58.9	0	0	84.0	2,298	727
5. ....	584,604	34,237	550,367	63.6	89.9	62.5	0	0	84.0	2,085	1,168
6. ....	662,776	64,218	598,558	69.5	197.4	64.9	0	0	84.0	5,782	2,434
7. ....	698,812	68,176	630,635	74.1	156.4	70.1	0	0	84.0	11,606	3,777
8. ....	675,892	20,815	655,077	69.6	42.5	71.0	0	0	84.0	17,216	6,682
9. ....	731,153	58,794	672,360	73.9	122.8	71.4	0	0	84.0	40,142	13,526
10. ....	724,056	82,203	641,853	77.9	156.0	73.2	0	0	84.0	74,083	20,945
11. ....	663,328	27,033	636,295	72.3	55.4	73.2	0	0	84.0	170,296	47,938
12. ....	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	327,749	98,124

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

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE GRANGE MUTUAL CASUALTY COMPANY**

**SCHEDULE P - PART 2 - SUMMARY**

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	One Year	Two Year
1. Prior	149,920	149,168	158,231	154,528	156,496	155,860	154,988	154,137	147,457	155,018	7,561	881
2. 2003	501,106	483,850	487,994	485,574	483,618	481,746	481,774	481,258	488,877	481,923	(6,954)	666
3. 2004	XXX	474,333	460,274	454,739	449,956	447,737	447,140	446,510	446,060	446,228	168	(282)
4. 2005	XXX	XXX	460,634	454,886	446,520	441,377	437,747	435,667	436,022	435,848	(174)	181
5. 2006	XXX	XXX	XXX	508,320	488,928	483,490	478,608	476,395	475,441	475,358	(83)	(1,038)
6. 2007	XXX	XXX	XXX	XXX	544,152	536,774	531,126	527,470	525,675	526,931	1,256	(539)
7. 2008	XXX	XXX	XXX	XXX	XXX	558,540	562,190	559,628	552,012	553,225	1,213	(6,403)
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX	598,548	586,637	577,311	577,177	(135)	(9,460)
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	616,507	597,343	588,849	(8,493)	(27,657)
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	575,970	558,701	(17,269)	XXX
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	547,333	XXX	XXX
										12. Totals	(22,910)	(43,652)

**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	77,779	114,487	133,077	142,565	147,909	149,949	151,455	151,801	152,687	XXX	XXX
2. 2003	310,421	401,311	438,560	459,572	470,960	475,865	477,805	479,294	480,189	481,068	XXX	XXX
3. 2004	XXX	279,378	369,171	402,660	423,848	433,748	440,213	442,891	443,977	444,796	XXX	XXX
4. 2005	XXX	XXX	269,095	351,779	393,390	416,930	426,555	429,852	432,324	432,975	XXX	XXX
5. 2006	XXX	XXX	XXX	304,590	399,210	438,150	458,510	467,309	471,157	472,283	XXX	XXX
6. 2007	XXX	XXX	XXX	XXX	342,420	439,342	482,425	508,066	514,827	519,344	XXX	XXX
7. 2008	XXX	XXX	XXX	XXX	XXX	361,342	472,547	509,056	530,916	538,641	XXX	XXX
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX	383,950	497,664	534,300	554,601	XXX	XXX
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	396,591	500,359	538,262	XXX	XXX
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	374,348	469,591	XXX	XXX
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	356,737	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	32,066	22,520	18,604	4,397	5,282	3,132	2,067	741	106	108
2. 2003	76,699	35,574	22,623	5,037	5,272	2,894	1,705	689	353	186
3. 2004	XXX	104,169	46,577	12,955	10,139	5,346	2,813	1,172	597	373
4. 2005	XXX	XXX	89,354	31,186	21,439	10,108	4,834	1,923	963	762
5. 2006	XXX	XXX	XXX	76,382	44,689	21,074	8,687	3,646	1,718	1,358
6. 2007	XXX	XXX	XXX	XXX	94,996	45,595	19,959	8,217	3,522	2,484
7. 2008	XXX	XXX	XXX	XXX	XXX	91,910	41,887	17,558	7,266	4,164
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX	98,299	44,095	17,391	6,895
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	101,958	40,155	17,591
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	92,148	36,560
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	90,984

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE GRANGE MUTUAL CASUALTY COMPANY

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	L	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	125,850	30	1,335,929	0	0
11. Georgia	GA	L	42,413,694	44,409,770	19,029,890	17,756,859	19,103,395	730,466	0
12. Hawaii	HI	N	0	0	0	0	0	0	0
13. Idaho	ID	N	0	0	0	0	0	0	0
14. Illinois	IL	L	28,373,533	28,014,417	13,878,655	13,284,482	21,357,850	264,207	0
15. Indiana	IN	L	19,847,628	19,972,950	23,382,368	19,076,611	13,054,962	322,198	0
16. Iowa	IA	L	0	0	0	0	0	0	0
17. Kansas	KS	L	0	0	0	0	0	0	0
18. Kentucky	KY	L	41,642,975	43,820,611	29,166,870	27,766,279	23,004,906	578,091	0
19. Louisiana	LA	N	0	0	0	0	0	0	0
20. Maine	ME	N	0	0	0	0	0	0	0
21. Maryland	MD	N	0	0	0	0	0	0	0
22. Massachusetts	MA	N	0	0	0	0	0	0	0
23. Michigan	MI	N	0	0	0	0	0	0	0
24. Minnesota	MN	L	0	0	0	0	0	0	0
25. Mississippi	MS	N	0	0	0	0	0	0	0
26. Missouri	MO	L	0	0	0	0	0	0	0
27. Montana	MT	N	0	0	0	0	0	0	0
28. Nebraska	NE	N	0	0	0	0	0	0	0
29. Nevada	NV	N	0	0	0	0	0	0	0
30. New Hampshire	NH	N	0	0	0	0	0	0	0
31. New Jersey	NJ	N	0	0	0	0	0	0	0
32. New Mexico	NM	N	0	0	0	0	0	0	0
33. New York	NY	N	0	0	0	0	0	0	0
34. 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	380,961,934	385,610,468	219,864,576	219,463,122	116,217,199	10,013,005	0
37. Oklahoma	OK	N	0	0	0	0	0	0	0
38. Oregon	OR	N	0	0	0	0	0	0	0
39. Pennsylvania	PA	L	12,733,775	11,555,204	4,429,389	6,823,460	7,463,803	73,110	0
40. Rhode Island	RI	N	0	0	0	0	0	0	0
41. So. Carolina	SC	L	2,636,919	2,478,978	1,578,071	1,340,979	588,656	191,973	0
42. So. Dakota	SD	N	0	0	0	0	0	0	0
43. Tennessee	TN	L	32,042,308	31,782,200	15,565,180	13,642,164	14,018,040	567,731	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	L	2,525,499	1,974,354	1,162,845	1,429,754	326,789	119,865	0
48. Washington	WA	N	0	0	0	0	0	0	0
49. West Virginia	WV	N	0	0	0	0	0	0	0
50. Wisconsin	WI	L	0	0	0	0	0	0	0
51. Wyoming	WY	N	0	0	0	0	0	0	0
52. American Samoa	AS	N	0	0	0	0	0	0	0
53. Guam	GU	N	0	0	0	0	0	0	0
54. Puerto Rico	PR	N	0	0	0	0	0	0	0
55. U.S. Virgin Islands	VI	N	0	0	0	0	0	0	0
56. Northern Mariana Islands	MP	N	0	0	0	0	0	0	0
57. Canada	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) 15		563,178,266	569,618,953	328,183,694	320,583,740	216,471,530	12,860,646	0
<b>DETAILS OF WRITE-INS</b>									
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.

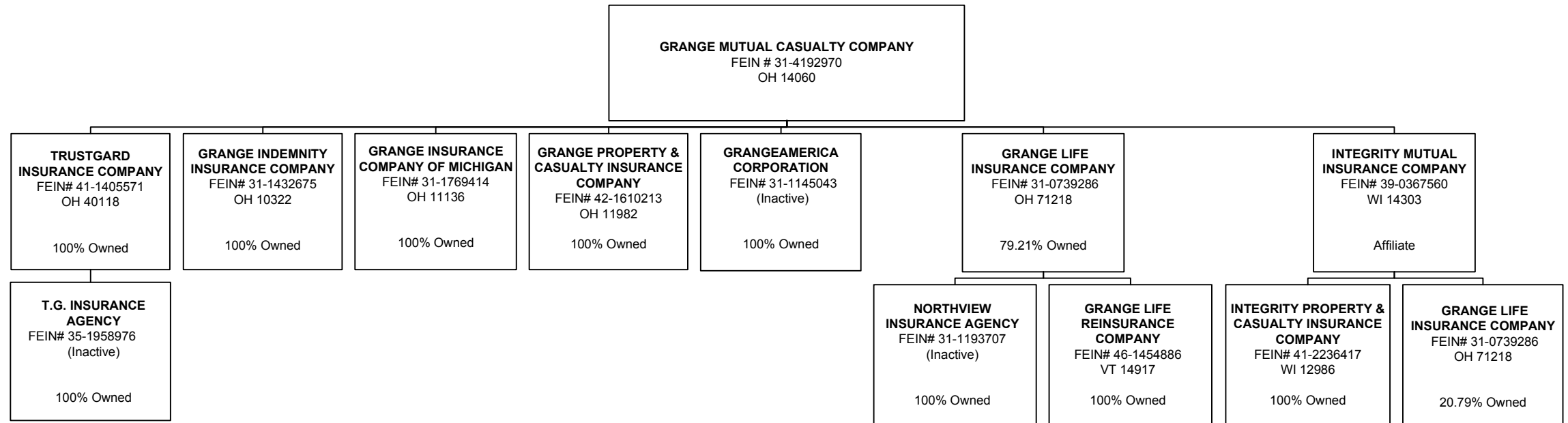
Explanation of basis of allocation of premiums by states, etc.

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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