



LIFE AND ACCIDENT AND HEALTH COMPANIES — ASSOCIATION EDITION

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

NAIC Group Code 00267, 00267 NAIC Company Code 71218 Employer's ID Number 31-0739286
Organized under the Laws of Ohio, State of Domicile or Port of Entry Ohio
Country of Domicile United States
Incorporated/Organized 03/05/1968 Commenced Business 07/01/1968
Statutory Home Office 671 South High Street, Columbus, OH, 43206-1066
Main Administrative Office 671 South High Street, Columbus, OH, 43206-1066 614-445-2900
Mail Address P.O. Box 1218, Columbus, OH, 43216-1212
Primary Location of Books and Records 671 South High Street, Columbus, OH, 43206-1066 614-445-2900
Internet Web Site Address www.grangeinsurance.com
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OFFICERS

Name Title Name Title
Michelle Renee Benz, President John Paul McCaffrey, Treasurer
LaVawn Dee Coleman #, Secretary Milliman #, Actuary

OTHER OFFICERS

Empty lines for other officers.

DIRECTORS OR TRUSTEES

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

State of OHIO
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.

Michelle Renee Benz
President

John Paul McCaffrey
Treasurer

LaVawn Dee Coleman
Secretary

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

b. If no:
1. State the amendment number
2. Date filed
3. Number of pages attached

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

Sherry Thatcher, Notary Public
10/17/2015

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE GRANGE LIFE INSURANCE COMPANY**

**ASSETS**

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	251,732,679		251,732,679	238,825,943
2. Stocks (Schedule D):				
2.1 Preferred stocks .....	0		0	0
2.2 Common stocks .....	6,233,798		6,233,798	781
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 (less \$ ..... encumbrances).....	0		0	0
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....	0		0	0
4.3 Properties held for sale (less \$ ..... encumbrances) .....	0		0	0
5. Cash (\$ .....6,017,503 , Schedule E-Part 1), cash equivalents (\$ .....0 , Schedule E-Part 2) and short-term investments (\$ .....8,543,621 , Schedule DA).....	14,561,124		14,561,124	11,880,393
6. Contract loans (including \$ ..... premium notes).....	9,991,643		9,991,643	9,511,277
7. Derivatives (Schedule DB).....	0		0	0
8. Other invested assets (Schedule BA) .....	0		0	0
9. Receivables for securities .....	1,813		1,813	1,813
10. Securities lending reinvested collateral assets (Schedule DL).....	18,415,885		18,415,885	10,716,522
11. Aggregate write-ins for invested assets .....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	300,936,942	0	300,936,942	270,936,729
13. Title plants less \$ ..... charged off (for Title insurers only).....	0		0	0
14. Investment income due and accrued .....	2,736,501		2,736,501	2,614,541
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	0		0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums).....	31,791,254		31,791,254	30,103,045
15.3 Accrued retrospective premiums.....	0		0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	5,426,999		5,426,999	6,883,893
16.2 Funds held by or deposited with reinsured companies .....	0		0	0
16.3 Other amounts receivable under reinsurance contracts .....	1,049,727		1,049,727	1,443,046
17. Amounts receivable relating to uninsured plans .....	0		0	0
18.1 Current federal and foreign income tax recoverable and interest thereon .....	1,129,330		1,129,330	188,762
18.2 Net deferred tax asset.....	6,782,177	2,266,158	4,516,019	4,341,949
19. Guaranty funds receivable or on deposit .....	0		0	0
20. Electronic data processing equipment and software.....	755,135	755,135	0	2,177
21. Furniture and equipment, including health care delivery assets (\$ ..... ) .....	0		0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....	0		0	0
23. Receivables from parent, subsidiaries and affiliates .....	0		0	0
24. Health care (\$ ..... ) and other amounts receivable.....	0		0	0
25. Aggregate write-ins for other than invested assets .....	795,372	761,847	33,525	36,378
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	351,403,437	3,783,140	347,620,297	316,550,520
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0		0	0
28. Total (Lines 26 and 27)	351,403,437	3,783,140	347,620,297	316,550,520
<b>DETAILS OF WRITE-INS</b>				
1101. ....			0	0
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Receivable for Agent Loans.....	8,661	8,661	0	0
2502. Interest Maintenance Reserve.....	0		0	0
2503. Premium Tax Credits.....	786,711	753,186	33,525	36,378
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	795,372	761,847	33,525	36,378

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Aggregate reserve for life contracts \$ .....251,355,110 (Exhibit 5, Line 9999999) less \$ ..... included in Line 6.3 (including \$ ..... Modco Reserve) .....	251,355,110	245,738,959
2. Aggregate reserve for accident and health contracts (including \$ .....0 Modco Reserve) .....	334,317	354,947
3. Liability for deposit-type contracts (Exhibit 7, Line 14, Col. 1) (including \$ ..... Modco Reserve) .....	601,817	829,726
4. Contract claims:		
4.1 Life (Exhibit 8, Part 1, Line 4.4, Col. 1 less sum of Cols. 9, 10 and 11) .....	4,422,243	2,946,934
4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Cols. 9, 10 and 11) .....	37,990	39,773
5. Policyholders' dividends \$ ..... and coupons \$ ..... due and unpaid (Exhibit 4, Line 10) .....	283,200	0
6. Provision for policyholders' dividends and coupons payable in following calendar year—estimated amounts:		
6.1 Dividends apportioned for payment (including \$ ..... Modco) .....	55,457	53,470
6.2 Dividends not yet apportioned (including \$ ..... Modco) .....	0	0
6.3 Coupons and similar benefits (including \$ ..... Modco) .....	0	0
7. Amount provisionally held for deferred dividend policies not included in Line 6 .....	0	0
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$ ..... discount; including \$ .....198 accident and health premiums (Exhibit 1, Part 1, Col. 1, sum of Lines 4 and 14) .....	120,560	111,503
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts .....	0	0
9.2 Provision for experience rating refunds, including the liability of \$ ..... accident and health experience rating refunds of which \$ ..... is for medical loss ratio rebate per the Public Health Service Act .....	0	0
9.3 Other amounts payable on reinsurance, including \$ ..... assumed and \$ .....2,161,261 ceded .....	2,161,261	2,134,375
9.4 Interest Maintenance Reserve (IMR, Line 6) .....	133,389	0
10. Commissions to agents due or accrued-life and annuity contracts \$ .....998,766 accident and health \$ .....0 and deposit-type contract funds \$ .....	998,766	613,111
11. Commissions and expense allowances payable on reinsurance assumed .....	0	0
12. General expenses due or accrued (Exhibit 2, Line 12, Col. 6) .....	1,800,833	1,000,813
13. Transfers to Separate Accounts due or accrued (net) (including \$ ..... accrued for expense allowances recognized in reserves, net of reinsured allowances) .....	0	0
14. Taxes, licenses and fees due or accrued, excluding federal income taxes (Exhibit 3, Line 9, Col. 5) .....	1,460,536	1,618,859
15.1 Current federal and foreign income taxes, including \$ .....0 on realized capital gains (losses) .....	0	0
15.2 Net deferred tax liability .....	0	0
16. Unearned investment income .....	404,556	401,385
17. Amounts withheld or retained by company as agent or trustee .....	0	0
18. Amounts held for agents' account, including \$ ..... agents' credit balances .....	0	0
19. Remittances and items not allocated .....	362,807	103,551
20. Net adjustment in assets and liabilities due to foreign exchange rates .....	0	0
21. Liability for benefits for employees and agents if not included above .....	0	0
22. Borrowed money \$ ..... and interest thereon \$ .....	0	0
23. Dividends to stockholders declared and unpaid .....	0	0
24. Miscellaneous liabilities:		
24.01 Asset valuation reserve (AVR, Line 16, Col. 7) .....	2,564,161	1,236,649
24.02 Reinsurance in unauthorized and certified (\$ ..... ) companies .....	0	0
24.03 Funds held under reinsurance treaties with unauthorized and certified (\$ ..... ) reinsurers .....	0	0
24.04 Payable to parent, subsidiaries and affiliates .....	11,318,228	6,184,758
24.05 Drafts outstanding .....	0	0
24.06 Liability for amounts held under uninsured plans .....	0	0
24.07 Funds held under coinsurance .....	1,662,060	0
24.08 Derivatives .....	0	0
24.09 Payable for securities .....	0	0
24.10 Payable for securities lending .....	18,415,885	10,716,522
24.11 Capital notes \$ ..... and interest thereon \$ .....	0	0
25. Aggregate write-ins for liabilities .....	0	88,198
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25) .....	298,493,176	274,173,533
27. From Separate Accounts statement .....	0	0
28. Total liabilities (Lines 26 and 27) .....	298,493,176	274,173,533
29. Common capital stock .....	1,893,750	1,893,750
30. Preferred capital stock .....	0	0
31. Aggregate write-ins for other than special surplus funds .....	0	0
32. Surplus notes .....	0	0
33. Gross paid in and contributed surplus (Page 3, Line 33, Col. 2 plus Page 4, Line 51.1, Col. 1) .....	7,031,250	7,031,250
34. Aggregate write-ins for special surplus funds .....	0	0
35. Unassigned funds (surplus) .....	40,202,121	33,451,987
36. Less treasury stock, at cost:		
36.1 ..... shares common (value included in Line 29 \$ ..... ) .....	0	0
36.2 ..... shares preferred (value included in Line 30 \$ ..... ) .....	0	0
37. Surplus (Total Lines 31+32+33+34+35-36) (including \$ ..... in Separate Accounts Statement) .....	47,233,371	40,483,237
38. Totals of Lines 29, 30 and 37 (Page 4, Line 55) .....	49,127,121	42,376,987
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3) .....	347,620,297	316,550,520
<b>DETAILS OF WRITE-INS</b>		
2501. CHECKS OUTSTANDING .....		88,198
2502. ....		
2503. ....		
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	0	88,198
3101. ....		0
3102. ....		0
3103. ....		0
3198. Summary of remaining write-ins for Line 31 from overflow page .....	0	0
3199. Totals (Lines 3101 through 3103 plus 3198) (Line 31 above) .....	0	0
3401. ....		0
3402. ....		0
3403. ....		0
3498. Summary of remaining write-ins for Line 34 from overflow page .....	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above) .....	0	0

## SUMMARY OF OPERATIONS

	1 Current Year	2 Prior Year
1. Premiums and annuity considerations for life and accident and health contracts (Exhibit 1, Part 1, Line 20.4, Col. 1, less Col. 11)	44,805,945	47,664,030
2. Considerations for supplementary contracts with life contingencies	120,000	210,078
3. Net investment income (Exhibit of Net Investment Income, Line 17)	12,390,454	12,696,411
4. Amortization of Interest Maintenance Reserve (IMR, Line 5)	129,964	47,681
5. Separate Accounts net gain from operations excluding unrealized gains or losses	0	0
6. Commissions and expense allowances on reinsurance ceded (Exhibit 1, Part 2, Line 26.1, Col. 1)	11,857,900	5,285,702
7. Reserve adjustments on reinsurance ceded	0	0
8. Miscellaneous Income:		
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	0	0
8.2 Charges and fees for deposit-type contracts	0	0
8.3 Aggregate write-ins for miscellaneous income	606	(2,546)
9. Totals (Lines 1 to 8.3)	69,304,869	65,901,356
10. Death benefits	22,158,956	18,986,788
11. Matured endowments (excluding guaranteed annual pure endowments)	0	0
12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Cols. 4 + 8)	4,331,732	6,173,954
13. Disability benefits and benefits under accident and health contracts	168,199	195,629
14. Coupons, guaranteed annual pure endowments and similar benefits	0	0
15. Surrender benefits and withdrawals for life contracts	6,261,231	5,791,443
16. Group conversions	0	0
17. Interest and adjustments on contract or deposit-type contract funds	0	0
18. Payments on supplementary contracts with life contingencies	0	0
19. Increase in aggregate reserves for life and accident and health contracts	5,367,614	13,027,679
20. Totals (Lines 10 to 19)	38,287,732	44,175,493
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Col. 1)	7,818,241	6,425,371
22. Commissions and expense allowances on reinsurance assumed (Exhibit 1, Part 2, Line 26.2, Col. 1)	212,639	222,225
23. General insurance expenses (Exhibit 2, Line 10, Columns 1, 2, 3 and 4)	15,197,463	12,519,588
24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Cols. 1 + 2 + 3)	1,462,520	1,513,279
25. Increase in loading on deferred and uncollected premiums	(510,781)	(2,414,873)
26. Net transfers to or (from) Separate Accounts net of reinsurance	0	0
27. Aggregate write-ins for deductions	3,247,415	0
28. Totals (Lines 20 to 27)	65,715,229	62,441,083
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	3,589,640	3,460,273
30. Dividends to policyholders	404,451	178,222
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	3,185,189	3,282,051
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	1,898,029	854,727
33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32)	1,287,160	2,427,324
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$ 0 (excluding taxes of \$ 0 transferred to the IMR)	22,920	(226,343)
35. Net income (Line 33 plus Line 34)	1,310,080	2,200,981
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
36. Capital and surplus, December 31, prior year (Page 3, Line 38, Col. 2)	42,376,987	39,806,650
37. Net income (Line 35)	1,310,080	2,200,981
38. Change in net unrealized capital gains (losses) less capital gains tax of \$ 0	2,983,017	0
39. Change in net unrealized foreign exchange capital gain (loss)	0	0
40. Change in net deferred income tax	(61,199)	340,243
41. Change in nonadmitted assets	598,334	155,538
42. Change in liability for reinsurance in unauthorized and certified companies	0	0
43. Change in reserve on account of change in valuation basis, (increase) or decrease (Exhibit 5A, Line 9999999, Col. 4)	0	0
44. Change in asset valuation reserve	(1,327,513)	(126,425)
45. Change in treasury stock (Page 3, Lines 36.1 and 36.2 Col. 2 minus Col. 1)	0	0
46. Surplus (contributed to) withdrawn from Separate Accounts during period	0	0
47. Other changes in surplus in Separate Accounts statement	0	0
48. Change in surplus notes	0	0
49. Cumulative effect of changes in accounting principles	0	0
50. Capital changes:		
50.1 Paid in	0	0
50.2 Transferred from surplus (Stock Dividend)	0	0
50.3 Transferred to surplus	0	0
51. Surplus adjustment:		
51.1 Paid in	0	0
51.2 Transferred to capital (Stock Dividend)	0	0
51.3 Transferred from capital	0	0
51.4 Change in surplus as a result of reinsurance	3,247,415	0
52. Dividends to stockholders	0	0
53. Aggregate write-ins for gains and losses in surplus	0	0
54. Net change in capital and surplus for the year (Lines 37 through 53)	6,750,134	2,570,337
55. Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38)	49,127,121	42,376,987
<b>DETAILS OF WRITE-INS</b>		
08.301 SERVICE FEES	606	(2,546)
08.302	0	0
08.303	0	0
08.398 Summary of remaining write-ins for Line 8.3 from overflow page	0	0
08.399 Totals (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above)	606	(2,546)
2701. Reinsurance of in-force business	3,247,415	0
2702.	0	0
2703.	0	0
2798. Summary of remaining write-ins for Line 27 from overflow page	0	0
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	3,247,415	0
5301.	0	0
5302.	0	0
5303.	0	0
5398. Summary of remaining write-ins for Line 53 from overflow page	0	0
5399. Totals (Lines 5301 through 5303 plus 5398) (Line 53 above)	0	0

## CASH FLOW

	1 Current Year	2 Prior Year
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance	44,150,893	46,730,345
2. Net investment income	13,032,482	13,127,123
3. Miscellaneous income	11,858,506	5,442,825
4. Total (Lines 1 through 3)	69,041,881	65,300,293
5. Benefit and loss related payments	29,734,905	37,335,348
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	23,663,511	20,784,950
8. Dividends paid to policyholders	119,264	272,411
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	2,838,596	0
10. Total (Lines 5 through 9)	56,356,276	58,392,709
11. Net cash from operations (Line 4 minus Line 10)	12,685,605	6,907,584
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	44,984,624	44,261,076
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	44,984,624	44,261,076
13. Cost of investments acquired (long-term only):		
13.1 Bonds	57,925,291	55,051,663
13.2 Stocks	3,250,000	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	61,175,291	55,051,663
14. Net increase (decrease) in contract loans and premium notes	480,366	236,948
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(16,671,033)	(11,027,535)
<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	(227,909)	189,295
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied)	6,894,068	1,481,699
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	6,666,159	1,670,994
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	2,680,731	(2,448,957)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	11,880,393	14,329,350
19.2 End of year (Line 18 plus Line 19.1)	14,561,124	11,880,393

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE GRANGE LIFE INSURANCE COMPANY**

**ANALYSIS OF OPERATIONS BY LINES OF BUSINESS**

	1	2	Ordinary			6	Group		Accident and Health			12
			3	4	5		7	8	9	10	11	
	Total	Industrial Life	Life Insurance	Individual Annuities	Supplementary Contracts	Credit Life (Group and Individual)	Life Insurance (a)	Annuities	Group	Credit (Group and Individual)	Other	Aggregate of All Other Lines of Business
1. Premiums and annuity considerations for life and accident and health contracts	44,805,945	.0	39,851,055	3,581,819		.0	1,236,680	.0	.0	.0	136,391	
2. Considerations for supplementary contracts with life contingencies	120,000		100,000	20,000								
3. Net investment income	12,390,454		10,532,406	1,858,494							(446)	
4. Amortization of Interest Maintenance Reserve (IMR)	129,964		110,682	19,282								
5. Separate Accounts net gain from operations excluding unrealized gains or losses	.0		.0									
6. Commissions and expense allowances on reinsurance ceded	11,857,900	.0	11,259,418	.0		.0	585,856	.0	.0	.0	12,626	.0
7. Reserve adjustments on reinsurance ceded	.0											
8. Miscellaneous Income:												
8.1 Fees associated with income from investment management, administration and contract guarantees from Separate Accounts	.0											
8.2 Charges and fees for deposit-type contracts	.0											
8.3 Aggregate write-ins for miscellaneous income	606		(4,846)				5,452					
9. Totals (Lines 1 to 8.3)	69,304,869	0	61,848,715	5,479,595	0	0	1,827,988	0	0	0	148,571	0
10. Death benefits	22,158,956		21,987,213				171,743				.0	
11. Matured endowments (excluding guaranteed annual pure endowments)	.0	.0	.0				.0					
12. Annuity benefits	4,331,732			4,331,732				.0				
13. Disability benefits and benefits under accident and health contracts	168,199								.0	.0	168,199	
14. Coupons, guaranteed annual pure endowments and similar benefits	.0											
15. Surrender benefits and withdrawals for life contracts	6,261,231		6,261,231									
16. Group conversions	.0											
17. Interest and adjustments on contract or deposit-type contract funds	.0											
18. Payments on supplementary contracts with life contingencies	.0											
19. Increase in aggregate reserves for life and accident and health contracts	5,367,614		3,475,330	1,912,914							(20,630)	
20. Totals (Lines 10 to 19)	38,287,732	.0	31,723,774	6,244,646	.0	.0	171,743	.0	.0	.0	147,569	.0
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only)	7,818,241	.0	7,676,125	142,089		.0	.0	.0	.0	.0	27	.0
22. Commissions and expense allowances on reinsurance assumed	212,639	.0	212,639	.0		.0	.0	.0	.0	.0	.0	.0
23. General insurance expenses	15,197,463		14,927,598	174,569			49,467				45,829	.0
24. Insurance taxes, licenses and fees, excluding federal income taxes	1,462,520		1,462,520								.0	.0
25. Increase in loading on deferred and uncollected premiums	(510,781)		(510,781)									
26. Net transfers to or (from) Separate Accounts net of reinsurance	.0		.0									
27. Aggregate write-ins for deductions	3,247,415	0	3,247,415	0	0	0	0	0	0	0	0	0
28. Totals (Lines 20 to 27)	65,715,229	0	58,739,290	6,561,304	0	0	221,210	0	0	0	193,425	0
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	3,589,640	.0	3,109,425	(1,081,709)	.0	.0	1,606,778	.0	.0	.0	(44,854)	.0
30. Dividends to policyholders	404,451		57,443				347,008				0	
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	3,185,189	.0	3,051,982	(1,081,709)	.0	.0	1,259,770	.0	.0	.0	(44,854)	.0
32. Federal income taxes incurred (excluding tax on capital gains)	1,898,029		1,818,653	(644,582)			750,687				(26,729)	
33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32)	1,287,160	0	1,233,329	(437,127)	0	0	509,083	0	0	0	(18,125)	0
<b>DETAILS OF WRITE-INS</b>												
08.301. Service Fees	.606		(4,846)				5,452					
08.302.												
08.303.												
08.398. Summary of remaining write-ins for Line 8.3 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
08.399. Total (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above)	.606	0	(4,846)	0	0	0	5,452	0	0	0	0	0
2701. Reinsurance of in-force business	3,247,415		3,247,415									
2702.												
2703.												
2798. Summary of remaining write-ins for Line 27 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2799. Total (Lines 2701 through 2703 plus 2798) (Line 27 above)	3,247,415	0	3,247,415	0	0	0	0	0	0	0	0	0

(a) Includes the following amounts for FEGLI/SGLI: Line 1 ..... Line 10 ..... Line 16 ..... Line 23 ..... Line 24 .....

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE GRANGE LIFE INSURANCE COMPANY**

**ANALYSIS OF INCREASE IN RESERVES DURING THE YEAR**

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group	
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance	8 Annuities
Involving Life or Disability Contingencies (Reserves) (Net of Reinsurance Ceded)								
1. Reserve December 31, prior year .....	245,738,959	0	187,635,913	58,103,046	0	0	0	0
2. Tabular net premiums or considerations .....	96,701,707		92,506,558	3,581,819			613,330	
3. Present value of disability claims incurred .....	76,545		76,545		XXX			
4. Tabular interest .....	11,899,226		9,975,056	1,910,887			13,283	
5. Tabular less actual reserve released .....	542,187		145,439	396,748				
6. Increase in reserve on account of change in valuation basis .....	0							
7. Other increases (net) .....	0							
8. Totals (Lines 1 to 7) .....	354,958,624	0	290,339,511	63,992,500	0	0	626,613	0
9. Tabular cost .....	92,047,746		91,421,133		XXX		626,613	
10. Reserves released by death .....	861,522		861,522	XXX	XXX			XXX
11. Reserves released by other terminations (net) .....	6,574,293		6,574,293					
12. Annuity, supplementary contract, and disability payments involving life contingencies .....	4,119,953		143,413	3,976,540				
13. Net transfers to or (from) Separate Accounts .....	0							
14. Total deductions (Lines 9 to 13) .....	103,603,514	0	99,000,361	3,976,540	0	0	626,613	0
15. Reserve December 31, current year	251,355,110	0	191,339,150	60,015,960	0	0	0	0

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 522,957	512,033
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 11,153,190	11,286,074
1.3 Bonds of affiliates	(a) 0	
2.1 Preferred stocks (unaffiliated)	(b) 0	
2.11 Preferred stocks of affiliates	(b) 0	
2.2 Common stocks (unaffiliated)	0	
2.21 Common stocks of affiliates	0	
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans	726,545	723,377
6. Cash, cash equivalents and short-term investments	(e) 4,292	4,292
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	12,449	12,449
10. Total gross investment income	12,419,433	12,538,225
11. Investment expenses		(g) 147,771
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 0
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		0
16. Total deductions (Lines 11 through 15)		147,771
17. Net investment income (Line 10 minus Line 16)		12,390,454
<b>DETAILS OF WRITE-INS</b>		
0901. Miscellaneous Income	12,449	12,449
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9 above)	12,449	12,449
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 \$ 297,550 accrual of discount less \$ 1,058,367 amortization of premium and less \$ 305,620 paid for accrued interest on purchases.
- (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ paid for accrued interest on purchases.
- (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (f) Includes \$ accrual of discount less \$ amortization of premium.
- (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds			0		
1.1 Bonds exempt from U.S. tax			0		
1.2 Other bonds (unaffiliated)	726,887	0	726,887		
1.3 Bonds of affiliates	0	0	0	0	0
2.1 Preferred stocks (unaffiliated)	0	0	0	0	0
2.11 Preferred stocks of affiliates	0	0	0	0	0
2.2 Common stocks (unaffiliated)	0	0	0	0	0
2.21 Common stocks of affiliates	0	0	0	2,983,017	0
3. Mortgage loans	0	0	0	0	0
4. Real estate	0	0	0	0	0
5. Contract loans	0	0	0	0	0
6. Cash, cash equivalents and short-term investments	0	0	0	0	0
7. Derivative instruments	0	0	0	0	0
8. Other invested assets	0	0	0	0	0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	726,887	0	726,887	2,983,017	0
<b>DETAILS OF WRITE-INS</b>					
0901.			0		
0902.			0		
0903.			0		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9 above)	0	0	0	0	0

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE GRANGE LIFE INSURANCE COMPANY**

**EXHIBIT 1 - PART 1 - PREMIUMS AND ANNUITY CONSIDERATIONS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS**

	1 Total	2 Industrial Life	Ordinary		5 Credit Life (Group and Individual)	Group		Accident and Health		11 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities		6 Life Insurance	7 Annuities	8 Group	9 Credit (Group and Individual)	
<b>FIRST YEAR (other than single)</b>										
1. Uncollected	43,286	0	43,286	0	0	0	0	0	0	0
2. Deferred and accrued	2,093,131	0	2,093,131	0	0	0	0	0	0	0
3. Deferred, accrued and uncollected:										
3.1 Direct	2,136,417	0	2,136,417	0	0	0	0	0	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
3.4 Net (Line 1 + Line 2)	2,136,417	0	2,136,417	0	0	0	0	0	0	0
4. Advance	5,550	0	5,550	0	0	0	0	0	0	0
5. Line 3.4 - Line 4	2,130,867	0	2,130,867	0	0	0	0	0	0	0
6. Collected during year:										
6.1 Direct	11,049,450	0	10,789,563	259,864	0	0	0	0	0	23
6.2 Reinsurance assumed	(9)	0	(9)	0	0	0	0	0	0	0
6.3 Reinsurance ceded	5,502,386	0	5,502,386	0	0	0	0	0	0	0
6.4 Net	5,547,055	0	5,287,168	259,864	0	0	0	0	0	23
7. Line 5 + Line 6.4	7,677,922	0	7,418,035	259,864	0	0	0	0	0	23
8. Prior year (uncollected + deferred and accrued - advance)	1,490,905	0	1,490,905	0	0	0	0	0	0	0
9. First year premiums and considerations:										
9.1 Direct	11,689,412	0	11,429,525	259,864	0	0	0	0	0	23
9.2 Reinsurance assumed	(9)	0	(9)	0	0	0	0	0	0	0
9.3 Reinsurance ceded	5,502,386	0	5,502,386	0	0	0	0	0	0	0
9.4 Net (Line 7 - Line 8)	6,187,017	0	5,927,130	259,864	0	0	0	0	0	23
<b>SINGLE</b>										
10. Single premiums and considerations:										
10.1 Direct	2,202,327	0	55,457	2,146,870	0	0	0	0	0	0
10.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
10.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
10.4 Net	2,202,327	0	55,457	2,146,870	0	0	0	0	0	0
<b>RENEWAL</b>										
11. Uncollected	(1,923,001)	0	(1,923,001)	0	0	0	0	0	0	0
12. Deferred and accrued	17,981,652	0	17,979,287	0	0	0	0	0	0	2,365
13. Deferred, accrued and uncollected:										
13.1 Direct	18,233,644	0	18,231,279	0	0	0	0	0	0	2,365
13.2 Reinsurance assumed	329,471	0	329,471	0	0	0	0	0	0	0
13.3 Reinsurance ceded	2,504,464	0	2,504,464	0	0	0	0	0	0	0
13.4 Net (Line 11 + Line 12)	16,058,651	0	16,056,286	0	0	0	0	0	0	2,365
14. Advance	115,010	0	114,812	0	0	0	0	0	0	198
15. Line 13.4 - Line 14	15,943,641	0	15,941,474	0	0	0	0	0	0	2,167
16. Collected during year:										
16.1 Direct	63,603,129	0	60,093,274	1,175,085	0	2,059,320	0	0	0	275,450
16.2 Reinsurance assumed	3,432,412	0	3,432,412	0	0	0	0	0	0	0
16.3 Reinsurance ceded	31,238,621	0	30,276,359	0	0	822,640	0	0	0	139,622
16.4 Net	35,796,920	0	33,249,327	1,175,085	0	1,236,680	0	0	0	135,828
17. Line 15 + Line 16.4	51,740,561	0	49,190,801	1,175,085	0	1,236,680	0	0	0	137,995
18. Prior year (uncollected + deferred and accrued - advance)	15,323,960	0	15,322,333	0	0	0	0	0	0	1,627
19. Renewal premiums and considerations:										
19.1 Direct	64,131,542	0	60,621,147	1,175,085	0	2,059,320	0	0	0	275,990
19.2 Reinsurance assumed	3,438,959	0	3,438,959	0	0	0	0	0	0	0
19.3 Reinsurance ceded	31,153,900	0	30,191,638	0	0	822,640	0	0	0	139,622
19.4 Net (Line 17 - Line 18)	36,416,601	0	33,868,468	1,175,085	0	1,236,680	0	0	0	136,368
<b>TOTAL</b>										
20. Total premiums and annuity considerations:										
20.1 Direct	78,023,281	0	72,106,129	3,581,819	0	2,059,320	0	0	0	276,013
20.2 Reinsurance assumed	3,438,959	0	3,438,959	0	0	0	0	0	0	0
20.3 Reinsurance ceded	36,656,286	0	35,694,024	0	0	822,640	0	0	0	139,622
20.4 Net (Lines 9.4 + 10.4 + 19.4)	44,805,945	0	39,851,055	3,581,819	0	1,236,680	0	0	0	136,391

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE GRANGE LIFE INSURANCE COMPANY

**EXHIBIT 1 - PART 2 - DIVIDENDS AND COUPONS APPLIED, REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES AND COMMISSIONS INCURRED (Direct Business Only)**

	1 Total	2 Industrial Life	3 Ordinary		5 Credit Life (Group and Individual)	6 Group		8 Accident and Health			11 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities		6 Life Insurance	7 Annuities	8 Group	9 Credit (Group and Individual)	10 Other	
<b>DIVIDENDS AND COUPONS APPLIED (included in Part 1)</b>											
21. To pay renewal premiums.....	63,807					63,807					
22. All other.....	55,457		55,457								
<b>REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES INCURRED</b>											
23. First year (other than single):											
23.1 Reinsurance ceded .....	7,425,111		7,425,111								
23.2 Reinsurance assumed .....	0		0								
23.3 Net ceded less assumed .....	7,425,111	0	7,425,111	0	0	0	0	0	0	0	0
24. Single:											
24.1 Reinsurance ceded .....	0		0	0	0	0	0	0	0	0	0
24.2 Reinsurance assumed .....	0		0	0	0	0	0	0	0	0	0
24.3 Net ceded less assumed .....	0	0	0	0	0	0	0	0	0	0	0
25. Renewal:											
25.1 Reinsurance ceded .....	4,432,789		3,834,307			585,856				12,626	
25.2 Reinsurance assumed .....	212,639		212,639			0				0	
25.3 Net ceded less assumed .....	4,220,150	0	3,621,668	0	0	585,856	0	0	0	12,626	0
26. Totals:											
26.1 Reinsurance ceded (Page 6, Line 6) .....	11,857,900	0	11,259,418	0	0	585,856	0	0	0	12,626	0
26.2 Reinsurance assumed (Page 6, Line 22) .....	212,639	0	212,639	0	0	0	0	0	0	0	0
26.3 Net ceded less assumed .....	11,645,261	0	11,046,779	0	0	585,856	0	0	0	12,626	0
<b>COMMISSIONS INCURRED (direct business only)</b>											
27. First year (other than single) .....	6,888,368		6,883,382	4,986						0	
28. Single .....	176,727		47,015	129,712						0	
29. Renewal .....	753,146		745,728	7,391						27	
30. Deposit-type contract funds .....	0										
31. Totals (to agree with Page 6, Line 21) .....	7,818,241	0	7,676,125	142,089	0	0	0	0	0	27	0

**EXHIBIT 2 - GENERAL EXPENSES**

	Insurance				5 Investment	6 Total
	1 Life	Accident and Health		4 All Other Lines of Business		
		2 Cost Containment	3 All Other			
1. Rent	188,847		835			189,682
2. Salaries and wages	7,123,085		26,547			7,149,632
3.11 Contributions for benefit plans for employees	608,898					608,898
3.12 Contributions for benefit plans for agents						0
3.21 Payments to employees under non-funded benefit plans						0
3.22 Payments to agents under non-funded benefit plans						0
3.31 Other employee welfare						0
3.32 Other agent welfare						0
4.1 Legal fees and expenses	627,826		2,777			630,603
4.2 Medical examination fees	1,454,241					1,454,241
4.3 Inspection report fees	66,500					66,500
4.4 Fees of public accountants and consulting actuaries	711,428		3,147			714,575
4.5 Expense of investigation and settlement of policy claims	18,156		80			18,236
5.1 Traveling expenses	270,384		1			270,385
5.2 Advertising	112,939		0			112,939
5.3 Postage, express, telegraph and telephone	136,302		603			136,905
5.4 Printing and stationery	69,678		308			69,986
5.5 Cost or depreciation of furniture and equipment						0
5.6 Rental of equipment						0
5.7 Cost or depreciation of EDP equipment and software	1,541,357		6,819			1,548,176
6.1 Books and periodicals	11,874		53			11,927
6.2 Bureau and association fees	118,282		523			118,805
6.3 Insurance, except on real estate	43,822		194			44,016
6.4 Miscellaneous losses						0
6.5 Collection and bank service charges	515,134		2,279			517,413
6.6 Sundry general expenses	373,728		1,316			375,044
6.7 Group service and administration fees						0
6.8 Reimbursements by uninsured plans						0
7.1 Agency expense allowance	78,017		345			78,362
7.2 Agents' balances charged off (less recovered)						0
7.3 Agency conferences other than local meetings	1,081,136		2			1,081,138
9.1 Real estate expenses						0
9.2 Investment expenses not included elsewhere				147,771		147,771
9.3 Aggregate write-ins for expenses	0	0	0	0	0	0
10. General expenses incurred	15,151,634	0	45,829	0	147,771	(a) 15,345,234
11. General expenses unpaid December 31, prior year	1,000,813	0	0	0	0	1,000,813
12. General expenses unpaid December 31, current year	1,800,833	0	0	0	0	1,800,833
13. Amounts receivable relating to uninsured plans, prior year	0	0	0	0	0	0
14. Amounts receivable relating to uninsured plans, current year	0	0	0	0	0	0
15. General expenses paid during year (Lines 10+11-12-13+14)	14,351,614	0	45,829	0	147,771	14,545,214
<b>DETAILS OF WRITE-INS</b>						
09.301.						0
09.302.						0
09.303.						0
09.398. Summary of remaining write-ins for Line 9.3 from overflow page	0	0	0	0	0	0
09.399. Totals (Lines 09.301 through 09.303 + 09.398) (Line 9.3 above)	0	0	0	0	0	0

(a) Includes management fees of \$ 8,316,614 to affiliates and \$ to non-affiliates.

**EXHIBIT 3 - TAXES, LICENSES AND FEES (EXCLUDING FEDERAL INCOME TAXES)**

	Insurance			4 Investment	5 Total
	1 Life	2 Accident and Health	3 All Other Lines of Business		
1. Real estate taxes					0
2. State insurance department licenses and fees	217,597				217,597
3. State taxes on premiums	1,247,034				1,247,034
4. Other state taxes, incl. \$ for employee benefits					0
5. U.S. Social Security taxes					0
6. All other taxes	(2,111)				(2,111)
7. Taxes, licenses and fees incurred	1,462,520	0	0	0	1,462,520
8. Taxes, licenses and fees unpaid December 31, prior year	1,618,859	0	0	0	1,618,859
9. Taxes, licenses and fees unpaid December 31, current year	1,460,536	0	0	0	1,460,536
10. Taxes, licenses and fees paid during year (Lines 7 + 8 - 9)	1,620,843	0	0	0	1,620,843

**EXHIBIT 4 - DIVIDENDS OR REFUNDS**

	1 Life	2 Accident and Health
	1. Applied to pay renewal premiums	63,807
2. Applied to shorten the endowment or premium-paying period		
3. Applied to provide paid-up additions	55,457	
4. Applied to provide paid-up annuities		
5. Total Lines 1 through 4	119,264	0
6. Paid-in cash		
7. Left on deposit		
8. Aggregate write-ins for dividend or refund options	0	0
9. Total Lines 5 through 8	119,264	0
10. Amount due and unpaid	283,200	
11. Provision for dividends or refunds payable in the following calendar year	55,457	
12. Terminal dividends		
13. Provision for deferred dividend contracts		
14. Amount provisionally held for deferred dividend contracts not included in Line 13		
15. Total Lines 10 through 14	338,657	0
16. Total from prior year	53,470	0
17. Total dividends or refunds (Lines 9 + 15 - 16)	404,451	0
<b>DETAILS OF WRITE-INS</b>		
0801.		
0802.		
0803.		
0898. Summary of remaining write-ins for Line 8 from overflow page	0	0
0899. Totals (Line 0801 through 0803 + 0898) (Line 8 above)	0	0

**EXHIBIT 5 - AGGREGATE RESERVE FOR LIFE CONTRACTS**

1		2	3	4	5	6
Valuation Standard		Total	Industrial	Ordinary	Credit (Group and Individual)	Group
<b>LIFE INSURANCE</b>						
0100001.	58 CSO ALB 3.50%	3,417,588		3,417,588		
0100002.	58 CSO ALB 4.00%	149,836		149,836		
0100003.	58 CSO ALB 2.50%	354,069		354,069		
0100004.	58 CSO ALB 4.50%	363,811		363,811		
0100005.	80 CSO ALB 4.00%	31,168,695		31,168,695		
0100006.	80 CSO ALB 4.50%	108,044,817		108,044,817		
0100007.	80 CSO ALB 5.00%	3,031,480		3,031,480		
0100008.	80 CSO ALB 5.50%	4,950,973		4,950,973		
0100009.	80 CSO ALB 4.00% SEGMENTED	53,104,784		53,104,784		
0100010.	80 CSO ALB 4.50% SEGMENTED	77,475,390		77,475,390		
0100011.	2001 CSO ALB 3.00%	7,725,378		7,725,378		
0100012.	2001 CSO ALB 4.00%	50,085,462		50,085,462		
0100013.	2001 CSO ALB 4.00% - AG38	2,582,880		2,582,880		
0100014.	2001 CSO ALB 4.50%	1,229,499		1,229,499		
0100015.	58 CET 2.5%	572		572		
0100016.	80 CET 4.5%	411,851		411,851		
<b>0199997 Totals (Gross)</b>		<b>344,097,085</b>	<b>0</b>	<b>344,097,085</b>	<b>0</b>	<b>0</b>
<b>0199998 Reinsurance ceded</b>		<b>160,671,836</b>		<b>160,671,836</b>		
<b>0199999 Totals (Net)</b>		<b>183,425,249</b>	<b>0</b>	<b>183,425,249</b>	<b>0</b>	<b>0</b>
<b>ANNUITIES (excluding supplementary contracts with life contingencies):</b>						
0200001.	37 SA 3.5% Def	0	XXX		XXX	
0200002.	37 SA 4.5% Def	6,412,860	XXX	6,412,860	XXX	
0200003.	Single Pay Def Annuity	36,171,298	XXX	36,171,298	XXX	
0200004.	Flex Pay Def Annuity	15,313,820	XXX	15,313,820	XXX	
0200005.	457 Annuity	0	XXX	0	XXX	
0200006.	Immediate Annuities	2,117,982	XXX	2,117,982	XXX	
<b>0299997 Totals (Gross)</b>		<b>60,015,960</b>	<b>XXX</b>	<b>60,015,960</b>	<b>XXX</b>	<b>0</b>
<b>0299998 Reinsurance ceded</b>		<b>0</b>	<b>XXX</b>	<b>0</b>	<b>XXX</b>	
<b>0299999 Totals (Net)</b>		<b>60,015,960</b>	<b>XXX</b>	<b>60,015,960</b>	<b>XXX</b>	<b>0</b>
<b>SUPPLEMENTARY CONTRACTS WITH LIFE CONTINGENCIES:</b>						
<b>0399997 Totals (Gross)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>0399998 Reinsurance ceded</b>		<b>0</b>		<b>0</b>		
<b>0399999 Totals (Net)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>ACCIDENTAL DEATH BENEFITS:</b>						
0400001.	59 ADB and 58 CSO 3.5%	216,673		216,673		
<b>0499997 Totals (Gross)</b>		<b>216,673</b>	<b>0</b>	<b>216,673</b>	<b>0</b>	<b>0</b>
<b>0499998 Reinsurance ceded</b>		<b>155,101</b>		<b>155,101</b>		
<b>0499999 Totals (Net)</b>		<b>61,572</b>	<b>0</b>	<b>61,572</b>	<b>0</b>	<b>0</b>
<b>DISABILITY-ACTIVE LIVES:</b>						
0500001.	52 Disability and 58 CSO 3.00%	1,124,055		1,124,055		
<b>0599997 Totals (Gross)</b>		<b>1,124,055</b>	<b>0</b>	<b>1,124,055</b>	<b>0</b>	<b>0</b>
<b>0599998 Reinsurance ceded</b>		<b>0</b>		<b>0</b>		
<b>0599999 Totals (Net)</b>		<b>1,124,055</b>	<b>0</b>	<b>1,124,055</b>	<b>0</b>	<b>0</b>
<b>DISABILITY-DISABLED LIVES:</b>						
0600001.	52 Dis / 58 CSO	1,017,177		1,017,177		
<b>0699997 Totals (Gross)</b>		<b>1,017,177</b>	<b>0</b>	<b>1,017,177</b>	<b>0</b>	<b>0</b>
<b>0699998 Reinsurance ceded</b>		<b>0</b>		<b>0</b>		
<b>0699999 Totals (Net)</b>		<b>1,017,177</b>	<b>0</b>	<b>1,017,177</b>	<b>0</b>	<b>0</b>
<b>MISCELLANEOUS RESERVES</b>						
0700001.	For excess of valuation net premiums over corresponding gross premiums on respective policies	19,962,061		19,962,061		
0700002.	For non-deduction of deferred fractional premiums at the death of the insured	4,145,313		4,145,313		
<b>0799997 Totals (Gross)</b>		<b>24,107,374</b>	<b>0</b>	<b>24,107,374</b>	<b>0</b>	<b>0</b>
<b>0799998 Reinsurance ceded</b>		<b>18,396,277</b>		<b>18,396,277</b>		
<b>0799999 Totals (Net)</b>		<b>5,711,097</b>	<b>0</b>	<b>5,711,097</b>	<b>0</b>	<b>0</b>
<b>9999999 Totals (Net) - Page 3, Line 1</b>		<b>251,355,110</b>	<b>0</b>	<b>251,355,110</b>	<b>0</b>	<b>0</b>



ANNUAL STATEMENT FOR THE YEAR 2012 OF THE GRANGE LIFE INSURANCE COMPANY

EXHIBIT 5 - INTERROGATORIES

- 1.1 Has the reporting entity ever issued both participating and non-participating contracts?
1.2 If not, state which kind is issued:
2.1 Does the reporting entity at present issue both participating and non-participating contracts?
2.2 If not, state which kind is issued:
3. Does the reporting entity at present issue or have in force contracts that contain non-guaranteed elements?
4. Has the reporting entity any assessment or stipulated premium contracts in force?
4.1 Amount of insurance:
4.2 Amount of reserve:
4.3 Basis of reserve:
4.4 Basis of regular assessments:
4.5 Basis of special assessments:
4.6 Assessments collected during the year:
5. If the contract loan interest rate guaranteed in any one or more of its currently issued contracts is less than 5%, not in advance, state the contract loan rate guarantees on any such contracts:
6. Does the reporting entity hold reserves for any annuity contracts that are less than the reserves that would be held on a standard basis?
6.1 If so, state the amount of reserve on such contracts on the basis actually held:
6.2 That would have been held (on an exact or approximate basis) using the actual ages of the annuitants; the interest rate(s) used in 6.1; and the same mortality basis used by the reporting entity for the valuation of comparable annuity benefits issued to standard lives.
7. Does the reporting entity have any Synthetic GIC contracts or agreements in effect as of December 31 of the current year?
7.1 If yes, state the total dollar amount of assets covered by these contracts or agreements:
7.2 Specify the basis (fair value, amortized cost, etc.) for determining the amount
7.3 State the amount of reserves established for this business:
7.4 Identify where the reserves are reported in the blank
8. Does the reporting entity have any Contingent Deferred Annuity contracts or agreements in effect as of December 31 of the current year?
8.1 If yes, state the total dollar amount of account value covered by these contracts or agreements:
8.2 State the amount of reserves established for this business:
8.3 Identify where the reserves are reported in the blank:
9. Does the reporting entity have any Guaranteed Lifetime Income Benefit contracts, agreements or riders in effect as of December 31 of the current year?
9.1 If yes, state the total dollar amount of any account value associated with these contracts, agreements or riders:
9.2 State the amount of reserves established for this business:
9.3 Identify where the reserves are reported in the blank:

EXHIBIT 5A - CHANGES IN BASES OF VALUATION DURING THE YEAR

Table with 4 columns: 1 Description of Valuation Class, 2 Valuation Basis Changed From, 3 Valuation Basis Changed To, 4 Increase in Actuarial Reserve Due to Change. The table contains rows for LIFE CONTRACTS, ACCIDENT AND HEALTH CONTRACTS, and DEPOSIT-TYPE CONTRACTS, with a large 'NONE' watermark across the center.

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE GRANGE LIFE INSURANCE COMPANY

**EXHIBIT 6 - AGGREGATE RESERVES FOR ACCIDENT AND HEALTH CONTRACTS**

	1 Total	2 Group Accident and Health	3 Credit Accident and Health (Group and Individual)	4 Collectively Renewable	Other Individual Contracts				
					5 Non-Cancelable	6 Guaranteed Renewable	7 Non-Renewable for Stated Reasons Only	8 Other Accident Only	9 All Other
<b>ACTIVE LIFE RESERVE</b>									
1. Unearned premium reserves .....	34,944					34,944			
2. Additional contract reserves (a) .....	447,921					447,921			
3. Additional actuarial reserves - Asset/Liability analysis .....	0								
4. Reserve for future contingent benefits .....	0								
5. Reserve for rate credits .....	0								
6. Aggregate write-ins for reserves .....	0	0	0	0	0	0	0	0	0
7. Totals (Gross) .....	482,865	0	0	0	0	482,865	0	0	0
8. Reinsurance ceded .....	301,601					301,601			
9. Totals (Net) .....	181,264	0	0	0	0	181,264	0	0	0
<b>CLAIM RESERVE</b>									
10. Present value of amounts not yet due on claims .....	501,471					501,471			
11. Additional actuarial reserves-Asset/Liability analysis .....	0								
12. Reserve for future contingent benefits .....	0								
13. Aggregate write-ins for reserves .....	0	0	0	0	0	0	0	0	0
14. Totals (Gross) .....	501,471	0	0	0	0	501,471	0	0	0
15. Reinsurance ceded .....	348,418					348,418			
16. Totals (Net) .....	153,053	0	0	0	0	153,053	0	0	0
17. <b>TOTAL (Net)</b> .....	334,317	0	0	0	0	334,317	0	0	0
18. <b>TABULAR FUND INTEREST</b> .....	9,239					9,239			
<b>DETAILS OF WRITE-INS</b>									
0601. ....									
0602. ....									
0603. ....									
0698. Summary of remaining write-ins for Line 6 from overflow page .....	0	0	0	0	0	0	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	0	0	0	0	0	0	0	0	0
1301. ....									
1302. ....									
1303. ....									
1398. Summary of remaining write-ins for Line 13 from overflow page .....	0	0	0	0	0	0	0	0	0
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above) .....	0	0	0	0	0	0	0	0	0

(a) Attach statement as to valuation standard used in calculating this reserve, specifying reserve bases, interest rates and methods.

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE GRANGE LIFE INSURANCE COMPANY**

**EXHIBIT 7 – DEPOSIT-TYPE CONTRACTS**

	1	2	3	4	5	6
	Total	Guaranteed Interest Contracts	Annuities Certain	Supplemental Contracts	Dividend Accumulations or Refunds	Premium and Other Deposit Funds
1. Balance at the beginning of the year before reinsurance .....	829,726				61,258	768,468
2. Deposits received during the year .....	123,493				3,493	120,000
3. Investment earnings credited to the account .....	7,403				1,666	5,737
4. Other net change in reserves .....	.0					
5. Fees and other charges assessed .....	.0					
6. Surrender charges .....	.0					
7. Net surrender or withdrawal payments .....	358,805				3,613	355,192
8. Other net transfers to or (from) Separate Accounts .....	.0					
9. Balance at the end of current year before reinsurance (Lines 1+2+3+4-5-6-7-8) .....	601,817	.0	.0	.0	62,804	539,013
10. Reinsurance balance at the beginning of the year .....	.0					
11. Net change in reinsurance assumed .....	.0					
12. Net change in reinsurance ceded .....	.0					
13. Reinsurance balance at the end of the year (Lines 10+11-12) .....	.0	.0	.0	.0	.0	.0
14. Net balance at the end of current year after reinsurance (Lines 9 + 13)	601,817	0	0	0	62,804	539,013

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE GRANGE LIFE INSURANCE COMPANY**

**EXHIBIT 8 - CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS**

**PART 1 - Liability End of Current Year**

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health		
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other
<b>1. Due and unpaid:</b>											
1.1 Direct .....	5,058,300		5,049,300				9,000				
1.2 Reinsurance assumed .....	437,500		437,500								
1.3 Reinsurance ceded .....	2,780,167		2,773,157								7,010
1.4 Net .....	2,715,633	0	2,713,643	0	0	0	9,000	0	0	0	(7,010)
<b>2. In course of settlement:</b>											
2.1 Resisted .....	45,000										45,000
2.11 Direct .....	45,000										
2.12 Reinsurance assumed .....	0										
2.13 Reinsurance ceded .....	0										
2.14 Net .....	45,000	0	(b) 0	(b) 0	0	(b) 0	(b) 0	0	0	0	45,000
2.2 Other .....	0										
2.21 Direct .....	0										
2.22 Reinsurance assumed .....	0										
2.23 Reinsurance ceded .....	0										
2.24 Net .....	0	0	(b) 0	(b) 0	0	(b) 0	(b) 0	0	(b) 0	(b) 0	(b) 0
<b>3. Incurred but unreported:</b>											
3.1 Direct .....	1,699,600		1,699,600								
3.2 Reinsurance assumed .....	0										
3.3 Reinsurance ceded .....	0										
3.4 Net .....	1,699,600	0	(b) 1,699,600	(b) 0	0	(b) 0	(b) 0	0	(b) 0	(b) 0	(b) 0
<b>4. TOTALS</b> .....											
4.1 Direct .....	6,802,900	0	6,748,900	0	0	0	9,000	0	0	0	45,000
4.2 Reinsurance assumed .....	437,500	0	437,500	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded .....	2,780,167	0	2,773,157	0	0	0	0	0	0	0	7,010
4.4 Net .....	4,460,233	(a) 0	(a) 4,413,243	0	0	0	(a) 9,000	0	0	0	37,990

(a) Including matured endowments (but not guaranteed annual pure endowments) unpaid amounting to \$ ..... in Column 2, \$ ..... in Column 3 and \$ ..... in Column 7.

(b) Include only portion of disability and accident and health claim liabilities applicable to assumed "accrued" benefits. Reserves (including reinsurance assumed and net of reinsurance ceded) for unaccrued benefits for Ordinary Life Insurance \$ ....., Individual Annuities \$ ....., Credit Life (Group and Individual) \$ ....., and Group Life \$ ....., are included in Page 3, Line 1, (See Exhibit 5, Section on Disability Disabled Lives); and for Group Accident and Health \$ ....., Credit (Group and Individual) Accident and Health \$ ....., and Other Accident and Health \$ ..... are included in Page 3, Line 2 (See Exhibit 6, Claim Reserve).

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE GRANGE LIFE INSURANCE COMPANY**

**EXHIBIT 8 - CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS**

**PART 2 - Incurred During the Year**

	1 Total	2 Industrial Life (a)	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health		
			3 Life Insurance (b)	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance (c)	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other
1. Settlements during the year:											
1.1 Direct	45,929,782		40,614,221	4,331,732			727,023				256,806
1.2 Reinsurance assumed	3,569,762		3,569,762								
1.3 Reinsurance ceded	25,771,077		25,294,826				389,427				86,824
1.4 Net <sup>(d)</sup>	23,728,467	0	18,889,157	4,331,732	0	0	337,596	0	0	0	169,982
2. Liability December 31, current year from Part 1:											
2.1 Direct	6,802,900	0	6,748,900	0	0	0	9,000	0	0	0	45,000
2.2 Reinsurance assumed	437,500	0	437,500	0	0	0	0	0	0	0	0
2.3 Reinsurance ceded	2,780,167	0	2,773,157	0	0	0	0	0	0	0	7,010
2.4 Net	4,460,233	0	4,413,243	0	0	0	9,000	0	0	0	37,990
3. Amounts recoverable from reinsurers December 31, current year	5,426,999		5,426,999								
4. Liability December 31, prior year:											
4.1 Direct	7,331,184	0	6,855,184	0	0	0	431,000	0	0	0	45,000
4.2 Reinsurance assumed	922,750	0	922,750	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	5,267,227	0	4,896,000	0	0	0	366,000	0	0	0	5,227
4.4 Net	2,986,707	0	2,881,934	0	0	0	65,000	0	0	0	39,773
5. Amounts recoverable from reinsurers December 31, prior year	6,883,893	0	6,883,893	0	0	0	0	0	0	0	0
6. Incurred benefits:											
6.1 Direct	45,401,498	0	40,507,937	4,331,732	0	0	305,023	0	0	0	256,806
6.2 Reinsurance assumed	3,084,512	0	3,084,512	0	0	0	0	0	0	0	0
6.3 Reinsurance ceded	21,827,123	0	21,715,089	0	0	0	23,427	0	0	0	88,607
6.4 Net	26,658,887	0	21,877,360	4,331,732	0	0	281,596	0	0	0	168,199

(a) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$ .....in Line 1.1, \$ .....in Line 1.4.

\$ .....in Line 6.1 and \$ .....in Line 6.4.

(b) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$ .....in Line 1.1, \$ .....in Line 1.4.

\$ .....in Line 6.1 and \$ .....in Line 6.4.

(c) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$ .....in Line 1.1, \$ .....in Line 1.4.

\$ .....in Line 6.1 and \$ .....in Line 6.4.

(d) Includes \$ .....116,122 premiums waived under total and permanent disability benefits.

**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.....	.0	.0	.0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	.0	.0	.0
15.3 Accrued retrospective premiums.....	.0	.0	.0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers .....	.0	.0	.0
16.2 Funds held by or deposited with reinsured companies .....	.0	.0	.0
16.3 Other amounts receivable under reinsurance contracts .....	.0	.0	.0
17. Amounts receivable relating to uninsured plans .....	.0	.0	.0
18.1 Current federal and foreign income tax recoverable and interest thereon .....	.0	.0	.0
18.2 Net deferred tax asset.....	2,266,158	2,501,428	235,270
19. Guaranty funds receivable or on deposit .....	.0	.0	.0
20. Electronic data processing equipment and software.....	755,135	641,349	(113,786)
21. Furniture and equipment, including health care delivery assets .....	.0	.0	.0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....	.0	.0	.0
23. Receivables from parent, subsidiaries and affiliates .....	.0	.0	.0
24. Health care and other amounts receivable.....	.0	.0	.0
25. Aggregate write-ins for other than invested assets .....	761,847	1,238,697	476,850
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	3,783,140	4,381,474	598,334
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. Total (Lines 26 and 27)	3,783,140	4,381,474	598,334
<b>DETAILS OF WRITE-INS</b>			
1101. ....		.0	.0
1102. ....			
1103. ....			
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0
2501. Receivable for Agent Loans.....	8,661	16,527	7,866
2502. Interest Maintenance Reserve.....	.0	440,614	440,614
2503. Premium Tax Credit.....	753,186	781,556	28,370
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)	761,847	1,238,697	476,850

# ANNUAL STATEMENT FOR THE YEAR 2012 OF THE GRANGE LIFE INSURANCE COMPANY

## NOTES TO FINANCIAL STATEMENTS

### 1) Summary of Significant Accounting Policies

#### A. Accounting Practices

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

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

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

In preparing the financial statements in conformity with Statutory Accounting Principles (SAP) as described in the *Annual Statement Instructions* and the *Accounting Practices and Procedures Manual*, management is required to make certain estimates and assumptions that affect 1) the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities as of the date of the financial statements and 2) the reported amounts of revenues and expenses for the reporting period. Actual results could differ from those estimates.

#### C. Accounting Policies

##### **Investments**

Management regularly reviews the Company's investment portfolio to evaluate the necessity of recording impairment losses for other-than-temporary declines in the fair value of invested assets. A number of criteria are considered during this process including, but not limited to, the following: 1) the Company's intent and ability to retain the security for a period of time sufficient to allow for an anticipated recovery in fair value; 2) the recoverability of principal and interest in accordance with the contractual terms of the bond or other debt security in effect at the date of acquisition; 3) the extent and duration to which a security's fair value has been less than cost or amortized cost, as appropriate; 4) the current financial condition, near-term and long-term prospects of the issuer, including relevant industry conditions and trends; and 5) general economic conditions. Other-than-temporary impairment losses result in a permanent reduction of the cost basis of the underlying investment. Estimates for other-than-temporary declines in the fair value of invested assets are included in realized capital gains and losses on investments in the Summary of Operations (Page 4, Line 34).

##### **Insurance Revenue and Expense Recognition**

Life premiums are recognized as income over the premium paying period of the related policies. Premium income includes deposits made for universal life investment contracts. Annuity considerations are recognized as revenue when received. Accident & health and disability income premiums are earned ratably over the terms of the related insurance and reinsurance contracts or policies. Expenses incurred in connection with acquiring new insurance business, principally commission expenses and certain policy issue expenses (such as medical examination and inspection report fees), are charged to operations as incurred.

In addition, the Company uses the following accounting policies:

1. Short-term investments are stated at amortized cost, which approximates fair value.
2. Bonds are stated at amortized cost unless rated at a "6" by the NAIC, in which case bonds are stated at the lower of amortized cost or fair value. Amortization of bond premium or discount is calculated using the scientific interest method, taking into consideration interest and principal provisions over the remaining life of the bond.
3. Common stocks are stated at fair value.
4. The Company has no preferred stocks.
5. The Company has no mortgage loans.
6. Single class and multi-class mortgage-backed/asset-backed securities are stated at amortized cost using the scientific interest method, including anticipated prepayments. The retrospective adjustment method is used to value these securities.
7. The Company carries its wholly owned subsidiaries, Grange Life Reinsurance Company (Grange Life Re) and Northview Insurance Agency, Inc., at the value of its underlying equity.
8. The Company has no ownership interests in joint ventures, partnerships or limited liability companies.
9. The Company has no derivative instruments.
10. The Company does not consider investment income as a factor in the deficiency reserve calculation, in accordance with Statement of Statutory Accounting Principles No. 54, *Individual and Group Accident and Health Contracts*.
11. The Company's accident & health liabilities include amounts for long-term disability (LTD). For accident only liabilities, an active life reserve is established for individual policies using an established valuation table and interest rates. For LTD liabilities, a seriatim reserve is established for individual claimants using an established valuation table and interest rates.  
  
The liability recorded for life insurance and accident & health claims includes 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 that the recorded amounts are 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 liabilities are continually reviewed; any adjustments are reflected in the current period.
12. The Company has not modified its capitalization policy from the prior period.
13. The Company has no pharmaceutical rebate receivables.

### 2) Accounting Changes and Correction of Errors

The Company had no material changes in accounting principles or corrections of errors.

# ANNUAL STATEMENT FOR THE YEAR 2012 OF THE GRANGE LIFE INSURANCE COMPANY

## NOTES TO FINANCIAL STATEMENTS

### 3) Business Combinations and Goodwill

NONE

### 4) Discontinued Operations

NONE

### 5) Investments

#### A. Mortgage Loans, including Mezzanine Real Estate Loans

NONE

#### B. Debt Restructuring

NONE

#### C. Reverse Mortgages

NONE

#### D. Loan-Backed Securities

1. Prepayment assumptions for single class and multi-class mortgage-backed/asset-backed securities were obtained from Hub Data and Bloomberg. These assumptions are consistent with the current interest rate and economic environment.

2. All securities during 2012 with a recognized other-than-temporary impairment, disclosed in the aggregate, classified on the basis for the other-than-temporary impairment:

NONE

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

NONE

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

a. The aggregate amount of unrealized loss:

1.	Less than 12 Months	\$	(79,564)
2.	12 Months or Longer	\$	0

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

1.	Less than 12 Months	\$	7,849,475
2.	12 Months or Longer	\$	0

5. According to SSAP 43R, the best estimate of future cash flows using the appropriate discount rate was calculated for each affected security, with other-than-temporary impairments realized to the extent that present value was less than amortized cost. Securities held with an intent to sell were other-than-temporarily impaired to current fair value. Securities with a present value greater than amortized cost were not other-than-temporarily impaired.

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

1. Collateral from lending activities: According to the securities lending agreement, 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.

2. As of December 31, 2012, the Company has not pledged any of its assets as collateral.

#### 3. Collateral Received

a. Aggregate Amount of Cash Collateral Received

1. Repurchase Agreements

NONE

2. Securities Lending

(1)  
Fair Value

a.	Open	\$18,415,885
b.	30 Days or Less	0
c.	31 to 60 Days	0
d.	61 to 90 Days	0
e.	Greater Than 90 Days	0
f.	Subtotal	\$18,415,885
g.	Securities Received	0
h.	Total Collateral Received	\$18,415,885

3. Dollar Repurchase Agreement

NONE

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE GRANGE LIFE INSURANCE COMPANY  
NOTES TO FINANCIAL STATEMENTS**

- b. The aggregate fair value of all securities acquired from the sale, trade or use of the accepted collateral (reinvested collateral): \$18,415,885.
- c. The Company receives primarily cash collateral in an amount in excess of the fair value of the securities lent. The Company's lending agent, JPMorgan Chase Bank, reinvests the cash collateral according to investment guidelines outlined in the securities lending agreement. Under current conditions, the Company has \$254,793,133 of par value bonds (fair value of \$284,368,375) that are currently tradable securities that could be sold and used to pay for the \$18,415,885 in collateral calls that could come due under a worst-case scenario.

4. Securities Lending Transactions Administered by an Affiliated Agent

Not Applicable

5. Collateral Reinvestment

a. Aggregate Amount of Cash Collateral Received (See schedule)

1. Repurchase Agreements

NONE

2. Securities Lending

	(1) <u>Amortized Cost</u>	(2) <u>Fair Value</u>
a. Open	\$18,415,885	\$18,415,952
b. 30 Days or Less	0	0
c. 31 to 60 Days	0	0
d. 61 to 90 Days	0	0
e. 90 to 120 Days	0	0
f. 121 to 180 Days	0	0
g. 181 to 365 Days	0	0
h. 1 to 2 Years	0	0
i. 2 to 3 Years	0	0
j. Greater Than 3 Years	0	0
k. Sub-Total	\$18,415,885	\$18,415,952
l. Securities Received	0	0
m. Total Collateral Reinvested	\$18,415,885	\$18,415,952

3. Dollar Repurchase Agreement

NONE

- b. The Company's sources of cash that it uses to return cash collateral is dependent upon the liquidity of the current market conditions. Under current conditions, the Company has \$254,793,133 of par value bonds (fair value of \$284,368,375) that are currently tradable securities that could be sold and used to pay for the \$18,415,952 in collateral calls that could come due under a worst-case scenario.

F. Real Estate

NONE

G. Low-income housing tax credits (LHITC)

NONE

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

A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies.

B. NONE

**7) Investment Income**

A. Investment income due and accrued on bonds in default is excluded (non-admitted) from surplus.

B. The total amount excluded at December 31, 2012 and 2011 was \$0 and \$0, respectively.

**8) Derivative Instruments**

NONE

# ANNUAL STATEMENT FOR THE YEAR 2012 OF THE GRANGE LIFE INSURANCE COMPANY

## NOTES TO FINANCIAL STATEMENTS

### 9) Income Taxes

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	\$ 6,128,342	\$ 865,398	\$ 6,993,740
(b) Statutory Valuation Allowance Adjustments	\$ 0	\$ 0	\$ 0
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	\$ 6,128,342	\$ 865,398	\$ 6,993,740
(d) Deferred Tax Assets Nonadmitted	\$ 2,266,158	\$ 0	\$ 2,266,158
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	\$ 3,862,184	\$ 865,398	\$ 4,727,582
(f) Deferred Tax Liabilities	\$ 211,563	\$ 0	\$ 211,563
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	\$ 3,650,621	\$ 865,398	\$ 4,516,019

	12/31/2011		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
(a) Gross Deferred Tax Assets	\$ 5,898,215	\$ 1,112,539	\$ 7,010,754
(b) Statutory Valuation Allowance Adjustments	\$ 0	\$ 0	\$ 0
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	\$ 5,898,215	\$ 1,112,539	\$ 7,010,754
(d) Deferred Tax Assets Nonadmitted	\$ 2,501,428	\$ 0	\$ 2,501,428
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	\$ 3,396,787	\$ 1,112,539	\$ 4,509,326
(f) Deferred Tax Liabilities	\$ 167,377	\$ 0	\$ 167,377
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	\$ 3,229,410	\$ 1,112,539	\$ 4,341,949

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
(a) Gross Deferred Tax Assets	\$ 230,127	\$ (247,141)	\$ (17,014)
(b) Statutory Valuation Allowance Adjustments	\$ 0	\$ 0	\$ 0
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	\$ 230,127	\$ (247,141)	\$ (17,014)
(d) Deferred Tax Assets Nonadmitted	\$ (235,270)	\$ 0	\$ (235,270)
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	\$ 465,397	\$ (247,141)	\$ 218,256
(f) Deferred Tax Liabilities	\$ 44,186	\$ 0	\$ 44,186
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	\$ 421,211	\$ (247,141)	\$ 174,070

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE GRANGE LIFE INSURANCE COMPANY  
NOTES TO FINANCIAL STATEMENTS**

2.

12/31/2012			
(1)	(2)	(3)	
Ordinary	Capital	(Col 1+2)	Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ ..... 2,293,018	\$ .....	\$ ..... 2,293,018
(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)	\$ ..... 1,357,603	\$ ..... 865,398	\$ ..... 2,223,001
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	\$ ..... 1,357,603	\$ ..... 865,398	\$ ..... 2,223,001
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	\$ ..... 5,099,003
(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.	\$ ..... 211,563	\$ ..... 0	\$ ..... 211,563
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101.			
Total (2(a) + 2(b) + 2(c))	\$ ..... 3,862,184	\$ ..... 865,398	\$ ..... 4,727,582

12/31/2011			
(4)	(5)	(6)	
Ordinary	Capital	(Col 4+5)	Total
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ ..... 2,459,856	\$ ..... 0	\$ ..... 2,459,856
(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)	\$ ..... 769,554	\$ ..... 1,112,539	\$ ..... 1,882,093
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	\$ ..... 769,554	\$ ..... 1,112,539	\$ ..... 1,882,093
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	\$ ..... 5,683,260
(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.	\$ ..... 167,377	\$ ..... 0	\$ ..... 167,377
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101.			
Total (2(a) + 2(b) + 2(c))	\$ ..... 3,396,787	\$ ..... 1,112,539	\$ ..... 4,509,326

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.	\$ ..... (166,838)	\$ ..... 0	\$ ..... (166,838)
(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)	\$ ..... 588,049	\$ ..... (247,141)	\$ ..... 340,908
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	\$ ..... 588,049	\$ ..... (247,141)	\$ ..... 340,908
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	\$ ..... (584,257)
(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.	\$ ..... 44,186	\$ ..... 0	\$ ..... 44,186
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101.			
Total (2(a) + 2(b) + 2(c))	\$ ..... 465,397	\$ ..... (247,141)	\$ ..... 218,256

3.

	2012	2011
(a) Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.	..... 526.4%	..... 528.7%
(b) Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above.	\$ ..... 51,700,282	\$ ..... 43,613,636

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE GRANGE LIFE INSURANCE COMPANY  
NOTES TO FINANCIAL STATEMENTS**

4.

Impact of Tax Planning Strategies

12/31/2012		
(1)	(2)	(3)
Ordinary Percent	Capital Percent	(Col 1+2) Total Percent
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	0.0	12.4
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	0.0	19.2

12/31/2011		
(4)	(5)	(6)
Ordinary Percent	Capital Percent	(Col 4+5) Total Percent
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	0.0	16.0
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	0.0	26.0

Change		
(7)	(8)	(9)
(Col 1-4) Ordinary Percent	(Col 2-5) Capital Percent	(Col 7+8) Total Percent
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	0.0	(3.6)
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	0.0	(6.8)

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

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

1. Current Income Tax

	(1)	(2)	(3)
	12/31/2012	12/31/2011	(Col 1-2) Change
(a) Federal	\$ 1,952,540	\$ 663,399	\$ 1,289,141
(b) Foreign	\$ 0	\$ 0	\$ 0
(c) Subtotal	\$ 1,952,540	\$ 663,399	\$ 1,289,141
(d) Federal income tax on net capital gains	\$ 0	\$ 0	\$ 0
(e) Utilization of capital loss carry-forwards	\$ 0	\$ 0	\$ 0
(f) Other	\$ (54,511)	\$ 191,328	\$ (245,839)
(g) Federal and foreign income taxes incurred	\$ 1,898,029	\$ 854,727	\$ 1,043,302

2. Deferred Tax Assets:

(a) Ordinary

(1) Discounting of unpaid losses	\$ 0	\$ 0	\$ 0
(2) Unearned premium reserve	\$ 0	\$ 0	\$ 0
(3) Policyholder reserves	\$ 2,510,648	\$ 2,408,384	\$ 102,264
(4) Investments	\$ 0	\$ 0	\$ 0
(5) Deferred acquisition costs	\$ 2,705,072	\$ 2,736,550	\$ (31,478)
(6) Policyholder dividends accrual	\$ 18,855	\$ 18,180	\$ 675
(7) Fixed assets	\$ 100,413	\$ 100,913	\$ (500)
(8) Compensation and benefits accrual	\$ 0	\$ 0	\$ 0
(9) Pension accrual	\$ 0	\$ 0	\$ 0
(10) Receivables - nonadmitted	\$ 515,773	\$ 489,407	\$ 26,366
(11) Net operating loss carry-forward	\$ 0	\$ 0	\$ 0
(12) Tax credit carry-forward	\$ 14,395	\$ 0	\$ 14,395
(13) Other (including items <5% of total ordinary tax assets)	\$ 263,186	\$ 144,781	\$ 118,405
(99) Subtotal	\$ 6,128,342	\$ 5,898,215	\$ 230,127

(b) Statutory valuation allowance adjustment	\$ 0	\$ 0	\$ 0
(c) Nonadmitted	\$ 2,266,158	\$ 2,501,428	\$ (235,270)

(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	\$ 3,862,184	\$ 3,396,787	\$ 465,397
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(e) Capital:

(1) Investments	\$ 0	\$ 0	\$ 0
(2) Net capital loss carry-forward	\$ 865,398	\$ 1,112,539	\$ (247,141)
(3) Real estate	\$ 0	\$ 0	\$ 0
(4) Other (including items <5% of total capital tax assets)	\$ 0	\$ 0	\$ 0
(99) Subtotal	\$ 865,398	\$ 1,112,539	\$ (247,141)

(f) Statutory valuation allowance adjustment	\$ 0	\$ 0	\$ 0
(g) Nonadmitted	\$ 0	\$ 0	\$ 0

(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)	\$ 865,398	\$ 1,112,539	\$ (247,141)
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(i) Admitted deferred tax assets (2d + 2h)	\$ 4,727,582	\$ 4,509,326	\$ 218,256
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# ANNUAL STATEMENT FOR THE YEAR 2012 OF THE GRANGE LIFE INSURANCE COMPANY

## NOTES TO FINANCIAL STATEMENTS

3. Deferred Tax Liabilities:

(a) Ordinary

(1) Investments	\$ 211,563	\$ 167,377	\$ 44,186
(2) Fixed assets	\$ 0	\$ 0	\$ 0
(3) Deferred and uncollected premium	\$ 0	\$ 0	\$ 0
(4) Policyholder reserves	\$ 0	\$ 0	\$ 0
(5) Other (including items <5% of total ordinary tax liabilities)	\$ 0	\$ 0	\$ 0
(99) Subtotal	\$ 211,563	\$ 167,377	\$ 44,186

(b) Capital:

(1) Investments	\$ 0	\$ 0	\$ 0
(2) Real Estate	\$ 0	\$ 0	\$ 0
(3) Other (including items <5% of total capital tax liabilities)	\$ 0	\$ 0	\$ 0
(99) Subtotal	\$ 0	\$ 0	\$ 0

(c) Deferred tax liabilities (3a99 + 3b99)	\$ 211,563	\$ 167,377	\$ 44,186
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4. Net deferred tax assets/liabilities (2i - 3c)	\$ 4,516,019	\$ 4,341,949	\$ 174,070
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D. Reconciliation of federal income tax rate to actual effective rate:

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

	Amount	Tax Effect	Effective Tax Rate
1. Description:			
(a) Income Before Taxes	\$ 3,912,079	\$ 1,330,107	34.00%
(b) Reinsurance income from in-force block	\$ 3,247,415	\$ 1,104,121	0.00%
(c) Dividends Received Deduction	\$ 0	\$ 0	0.00%
(d) Proration	\$ 0	\$ 0	0.00%
(e) Meals & Entertainment	\$ 44,090	\$ 14,991	0.21%
(f) Statutory Valuation Allowance	\$ 0	\$ 0	0.00%
(g) Amortization of IMR	\$ (129,964)	\$ (44,188)	-0.62%
(h) Small company life deduction	\$ (1,207,466)	\$ (410,538)	-5.73%
Other, Including Prior Year True-Up	\$ (103,723)	\$ (35,264)	-0.49%
Total	\$ 5,762,431	\$ 1,959,229	27.37%

2. Description:

(a) Federal Income Tax Incurred [Expense/(Benefit)]	\$ 1,898,029
(b) Tax on Capital Gains/(Losses)	\$ 0
(c) Change in Net Deferred Income Tax [Charge/(Benefit)]	\$ 61,200
Total	\$ 1,969,229

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:	\$ 2,545,288
At December 31, 2012, the Company had AMT credit carry forwards, which do not expire, in the amount of:	\$ 14,395

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	\$ 752,803	\$ 0	\$ 752,803
2011	\$ 608,888	\$ 0	\$ 608,888
2012	\$ 1,952,540	\$ 0	\$ 1,952,540
Total	\$ 3,314,231	\$ 0	\$ 3,314,231

3. Deposits admitted under IRC S6603:  
NONE

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

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

G. Income tax loss contingencies:  
NONE

# ANNUAL STATEMENT FOR THE YEAR 2012 OF THE GRANGE LIFE INSURANCE COMPANY

## NOTES TO FINANCIAL STATEMENTS

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

A, B, & C. All employees of the parent company, Grange Mutual Casualty Company (Grange Mutual), are covered by a participating group life insurance policy issued by the Company. Premiums received from Grange Mutual amounted to \$1,862,531 and \$1,817,101 in 2012 and 2011, respectively. Dividends of \$63,807 and \$218,941 were paid to Grange Mutual in 2012 and 2011, respectively.

In December 2012, the Company formed Grange Life Reinsurance Company (Grange Life Re) as a Vermont special purpose financial captive insurance company. Grange Life Re issued 250,000 common shares of its capital stock, each with a par value of \$1.00, to the Company in exchange for paid-in capital of \$250,000. The Company contributed an additional \$3,000,000 in surplus, designated as unassigned surplus.

The Company entered into a coinsurance agreement on a funds withheld basis with Grange Life Re, whereby the captive will assume 100% of the risks and rewards of the universal and term life insurance policies effective January 1, 2012.

At December 31, 2012, the Company had ceded \$8,813,506 of premium and \$1,264,272 of paid losses to Grange Life Re. Reserves ceded to the captive totaled \$14,562,048. The Company recorded Grange Life Re as an unauthorized reinsurer on Schedule S, collateralized with a syndicated letter of credit totaling \$14,500,000 and funds deposited of \$1,662,060. The Company recorded ceding commission income on the reinsurance transaction of \$7,355,510. The Company recorded aggregate write-ins for deductions and gains in surplus related to reinsurance of in-force business of \$3,247,415 (net of tax of \$1,418,411).

D. The Company reported amounts due to the parent company, Grange Mutual, of \$11,318,228 and \$6,184,758 at December 31, 2012 and 2011, respectively. All amounts due to the parent company were settled within 30 days.

As of December 31, 2012 the Company reported amounts due to Grange Life Re of \$2,838,601 for tax sharing obligations that will be paid upon receipt of funds from the Internal Revenue Service and \$1,421,423 due from Grange Life Re for the settlement of reinsurance related to funds withheld, which was settled within 30 days.

E. The Company does not have any guarantees or undertakings.

F. The parent company, Grange Mutual, has a formal cost-sharing agreement with its property-casualty affiliate and certain of its subsidiaries, including the Company, whereby the parent company provides certain operational and administrative services – such as sales support, advertising, information technology support, investment management services, employee benefits and personnel management services, and other general management services – to these companies. Expenses covered by this agreement are subject to allocation among the parent company, its affiliate and its subsidiaries. The allocations are based on techniques and procedures in accordance with SAP and insurance regulatory guidelines. Measures used to allocate expenses among the companies include individual employee estimates of time spent, specific cost studies, salary expenses, and other methods agreed to by the participating companies that are within industry guidelines and practices. The Company does not believe that expenses recognized under this agreement are materially different than expenses that would have been recognized had the Company operated on a stand-alone basis.

In addition, a management fee is assessed by and paid to Grange Mutual as a reimbursement for certain expenses – such as salaries, pension and post-retirement benefits – that are incurred on behalf of the Company.

The Company is also a party to a service agreement with Grange Life Re whereby they provide services and make available services necessary to support their business operations. These services include all necessary financial, actuarial, audit, accounting, tax, information technology, records management and legal and compliance services, other than those provided by third-party service providers. The Company is reimbursed for all direct costs incurred by their subsidiary.

G. The Company is controlled by Grange Mutual, an Ohio domiciled property-casualty insurance company, which owns approximately 79.21% of the outstanding capital stock of the Company.

H. The Company did not deduct from the value of an upstream intermediate entity or ultimate parent owned, either directly or indirectly, via a downstream subsidiary, controlled, or affiliated entity.

I. The Company's investment in their subsidiaries did not exceed 10% of admitted assets.

J. The Company did not recognize any impairment write downs of their subsidiaries.

K. The Company does not hold an investment in a foreign insurance subsidiary.

L. The Company does not hold an investment in a downstream noninsurance holding company.

### 11) Debt

NONE

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

A. Defined Benefit Plan

NONE

B. Defined Contribution Plans

NONE

C. Multi-employer Plans

NONE

# ANNUAL STATEMENT FOR THE YEAR 2012 OF THE GRANGE LIFE INSURANCE COMPANY

## NOTES TO FINANCIAL STATEMENTS

### D. Consolidated/Holding Company Plans

Employees of the parent company, Grange Mutual, including those employees that provide services to the Company, participate in 1) a defined benefit plan providing pension benefits to eligible participants (for employees hired on or before December 31, 2006), 2) a defined benefit plan providing postretirement health care benefits and life insurance coverage to eligible participants (for employees hired on or before December 31, 2005), 3) a defined contribution Retirement Accumulation Accounts plan that covers substantially all employees hired on or after January 1, 2007, and 4) a defined contribution Incentive Savings Plan (a 401k plan) that covers substantially all employees. Each of these plans is sponsored by the parent company, and the Company has no legal obligation for the related employee benefits. The parent company's policy is to fund pension costs as incurred. Under the Incentive Savings Plan, employee salary deferrals of up to 6% of the base salary are subject to a 50% matching contribution from the parent company. Under the Retirement Accumulation Accounts, the parent company makes annual contributions to eligible employees based on a formula utilizing the employee's salary, age, and years of credited service.

Expenses incurred related to these plans that are attributable to employees providing services to the Company are allocated to the Company and reimbursed to the parent company through a management fee (see note 10F). The Company's allocated share of the net periodic pension benefit cost was \$310,721 and \$258,321 in 2012 and 2011, respectively. The Company's allocated share of the net periodic postretirement benefit cost was \$184,537 and \$85,481 in 2012 and 2011, respectively. The Company's allocated share of the 401k matching contribution cost was \$113,640 and \$100,512 in 2012 and 2011, respectively.

### E. Postemployment Benefits and Compensated Absences

The Company accrued \$211,000 and \$210,000 for compensated absences at December 31, 2012 and 2011, respectively.

### F. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)

NONE

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

- 1) The Company has 101,000 shares of its capital stock authorized, with 101,000 shares issued and outstanding at December 31, 2012. The par value per share is \$18.75.
- 2) The Company has no preferred stock outstanding.
- 3) Ohio law limits the Company's payment of dividends to the parent company, Grange Mutual. The maximum dividend that may be paid by an Ohio domiciled insurance company to its shareholders in any year without the prior approval of the Director of the Department is limited to the greater of the net income of the preceding calendar year or 10% of capital and surplus as of the preceding December 31. Capital and surplus at December 31, 2012 was \$49,127,121. Therefore, the maximum dividend payments that can be made in 2013, without obtaining prior approval, are \$4,912,712.
- 4) No ordinary dividends were paid by the Company.
- 5) Within the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- 6) There were no restrictions placed on the Company's surplus, including for whom the surplus is being held. Unassigned surplus held for the benefit of policyholders was \$40,202,121 and \$33,451,987 at December 31, 2012 and 2011, respectively.
- 7) No advances to surplus were made.
- 8) No amounts of stock were held by the Company, including stock of affiliated companies, for special purposes.
- 9) No special surplus funds were maintained.
- 10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses are \$1,886,704.
- 11) The Company did not hold any surplus debentures or similar obligations.
- 12) The Company did not have any restatement due to prior quasi-reorganizations.
- 13) There are no effective dates for quasi-reorganizations in the prior 10 years.

## 14) Contingencies

### A. Contingent Commitments

NONE

### B. Assessments

- 1) The Company may be subjected to mandatory assessments from state guarantee funds to cover losses of policyholders of insolvent or rehabilitated insurance companies. Based on data published in the fourth quarter of 2012 by the National Organization of Life & Health Insurance Guaranty Associations, the Company has recorded a liability of \$622,722 and \$664,320 as of December 31, 2012 and 2011, respectively, in anticipation of future mandatory assessments from state guarantee funds in states in which the Company writes business.

# ANNUAL STATEMENT FOR THE YEAR 2012 OF THE GRANGE LIFE INSURANCE COMPANY

## NOTES TO FINANCIAL STATEMENTS

B. Assessments

(2)

a. Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end	\$	..... 36,378
b. Decreases current year: Premium credit applied.....	\$	..... 18,678
c. Increases current year: Premium tax offset applied.....	\$	..... 15,826
d. Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	\$	..... 33,526

C. Gain Contingencies

NONE

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits

The company paid the following amounts in the reporting period to settle claims related extra contractual obligations or bad faith claims stemming from lawsuits.

	Direct	
Claims related ECO and bad faith losses paid during the reporting period	0.00	\$

Number of claims where amounts were paid to settle claims related extra contractual obligations or bad faith claims resulting from lawsuits during the reporting period.

(a) 0-25 Claims	(b) 26-50 Claims	(c) 51-100 Claims	(d) 101-500 Claims	(e) More than 500 Claims
X				

Indicate whether claim count information is disclosed per claim or per claimant.

( f ) Per Claim [ X ]                      ( g ) Per Claimant [       ]

E. All Other Contingencies

The Company is a defendant in lawsuits arising in the ordinary course of business from claims under insurance policies and from other matters. Accruals for these lawsuits have been provided to the extent that losses are deemed probable. In the opinion of management, the effects, if any, of such lawsuits are not expected to have a material impact on the Company's financial position or results from operations.

**15) Leases**

The Company has no lease obligations.

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

NONE

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

A. Transfers of Receivables Reported as Sales

NONE

B. Transfer and Servicing of Financial Assets

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 \$18,038,642. 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. Wash Sales

NONE

# ANNUAL STATEMENT FOR THE YEAR 2012 OF THE GRANGE LIFE INSURANCE COMPANY

## NOTES TO FINANCIAL STATEMENTS

**18) Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans**

NONE

**19) Direct Premium Written/Produced by Managing General Agents/Third Party Administrators**

NONE

**20) Fair Value Measurements**

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

(1) Fair Value Measurement at Reporting Date

NONE

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

NONE

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

(4) As of 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:

According to statutory accounting rules, fixed income securities with a rating of NAIC 1 thru 5 are reported at amortized cost. Securities with a rating of NAIC of 6 are measured and reported at the lower of amortized cost or fair value on the statement of financial position. As of December 31, 2012, the Company did not have any bonds rated NAIC-6 and therefore did not report any securities at fair value.

(5) The Company does not have derivative assets or liabilities.

B. The Company is not required to combine the fair value information disclosed under SSAP No. 100, since it is not practicable.

C. Fair values for these types of financial instruments:

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	\$ 275,824,754	\$ 251,732,679	\$ 15,003,947	\$ 260,820,808	\$ .....	\$ .....
Common Stock	\$ .. 3,250,781	\$ .. 3,250,781	\$ .....	\$ .....	\$ .....	\$ .. 3,250,781
Money Market	\$ .. 8,543,621	\$ .. 8,543,621	\$ .. 8,543,621	\$ .....	\$ .....	\$ .....

D. Not Practicable to Estimate Fair Value

Type or Class of Financial Instrument	Carrying Value	Effective Interest Rate	Maturity Date	Explanation
Common Stock	\$ ..... 781	.....	.....	Stock represents ownership of an insurance agency valued at original cost and reported as a subsidiary of the entity .....
Common Stock	\$ .. 3,250,000	.....	.....	Stock represents ownership of a captive reinsurer valued at original cost .....

**21) Other Items**

A. Extraordinary items

NONE

B. Troubled Debt Restructuring: Debtors

NONE

C. Other Disclosures

Bonds with a statement value of \$2,545,870 and \$2,543,925 were on deposit with regulatory authorities as required by law at December 31, 2012 and 2011, respectively.

D. Uncollectible Assets

NONE

E. Business Interruption Insurance Recoveries

NONE

F. State Transferable and Non-Transferable Tax Credits

NONE

# ANNUAL STATEMENT FOR THE YEAR 2012 OF THE GRANGE LIFE INSURANCE COMPANY

## NOTES TO FINANCIAL STATEMENTS

### 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 Company does not invest in mortgage loans on a direct basis, nor is it in the practice of originating mortgage loans.

2. The Company has no direct exposure through investments in subprime mortgage loans.

3. Estimated Direct Exposure to Subprime Mortgage Risk Through Other Investments:

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 2003. 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.

Estimated direct exposure to subprime mortgage risk through other investments:

- a. Actual Cost: \$0
- b. Book adjusted carrying value: \$0
- c. Fair Value: \$0
- d. No other-than-temporary impairment losses were recognized in the 4<sup>th</sup> Quarter of 2012.

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.

### H. Retained Assets

NONE

### 22) Events Subsequent

Type I-Recognized Subsequent Events: NONE

Type II-Nonrecognized Subsequent Events: NONE

### 23) Reinsurance

#### A. Ceded Reinsurance Report

##### Section 1 – General Interrogatories

1. Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the Company or by any representative, officer, trustee, or director of the Company?

Yes ( ) No (X) If yes, give full details.

2. Have any policies issued by the Company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?

Yes ( ) No (X) If yes, give full details.

##### Section 2 – Ceded Reinsurance Report – Part A

1. Does the Company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits?

Yes ( ) No (X)

- a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the reporting entity to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate. \$0

- b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability, for these agreements in this statement? \$0

# ANNUAL STATEMENT FOR THE YEAR 2012 OF THE GRANGE LIFE INSURANCE COMPANY

## NOTES TO FINANCIAL STATEMENTS

2. Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes ( ) No (X) If yes, give full details.

### Section 3 – Ceded Reinsurance Report – Part B

1. What is the estimated amount of the aggregate reduction in surplus (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the Company may consider the current or anticipated experience of the business reinsured in making this estimate. \$0
2. Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the Company as of the effective date of the agreement?

Yes (X) No ( )

If yes, what is the amount of reinsurance credits, whether an asset or a reduction of liability, taken for such new agreements or amendments? \$4,665,826

#### B. Uncollectible Reinsurance

NONE

#### C. Commutation of Ceded Reinsurance

NONE

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

NONE

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

NONE

### 26) Intercompany Pooling Arrangements

NONE

### 27) Structured Settlements

NONE

### 28) Health Care Receivables

NONE

### 29) Participating Policies

As of December 31, 2012, individual and group participating life insurance policies represented 0.63% and 1.40% of the total life insurance in force, respectively. The method of accounting for policyholder dividends for participating individual life insurance policies is based upon the accounting regulations in Statement of Statutory Accounting Principles No. 51, *Life Contracts*. The method of accounting for policyholder dividends on the participating group life insurance policy is based on premium and claim experience from the prior year. During 2012, the Company paid dividends in the amount of \$55,457 and \$63,807 on the individual and group participating life insurance policies, respectively, and did not allocate any additional income to such policyholders.

### 30) Premium Deficiency Reserves

NONE

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

- 1) The Company waives deduction of deferred fractional premiums upon the death of the insured. The Company returns any portion of the final premium paid beyond the date of death for all policies. Surrender values are not promised in excess of the legally computed reserves.
- 2) Extra premiums are charged for substandard lives, plus the gross premium for a rated age. Mean reserves for substandard lives are determined by computing the regular mean reserve for the plan at the rated age and holding an additional reserve of one-half (1/2) of the extra premium charge for the year.
- 3) As of December 31, 2012, the Company had \$2,922,047,308 of insurance in force for which the gross premiums are less than the net premiums according to the standard valuation set by the State of Ohio. Reserves to cover the above insurance totaled the gross amount of \$19,962,061 at year-end and are reported in Exhibit 5, Miscellaneous Reserves, Line 0700001.
- 4) The tabular interest (Page 7, Line 4), the tabular less actual reserve released (Page 7, Line 5), and the tabular cost (Page 7, Line 9) have been determined by formulas as described in the instructions for Page 7.
- 5) For the determination of tabular interest on funds not involving life contingencies for each valuation rate of interest, the tabular interest is calculated as the product of such valuation rate of interest multiplied by the mean of the amount of funds subject to such valuation rate of interest held at the beginning and end of the year of valuation.
- 6) There were no other material reserve changes.

# ANNUAL STATEMENT FOR THE YEAR 2012 OF THE GRANGE LIFE INSURANCE COMPANY

## NOTES TO FINANCIAL STATEMENTS

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

	General Account	Separate Account with Guarantees	Separate Account Nonguaranteed	Total	% of Total
A. Subject to discretionary withdrawal:					
(1) With fair value adjustment	\$.....	\$.....	\$.....	\$..... 0	..... 0.000
(2) At book value less current surrender charge of 5% or more	..... 11,971,642			..... 11,971,642	..... 19.749
(3) At fair value				..... 0	..... 0.000
(4) Total with adjustment or at fair value (total of 1 through 3)	..... 11,971,642	..... 0	..... 0	..... 11,971,642	..... 19.749
(5) At book value without adjustment (minimal or no charge or adjustment)	..... 48,646,135			..... 48,646,135	..... 80.251
B. Not subject to discretionary withdrawal				..... 0	..... 0.000
C. Total (gross: direct + assumed)	..... 60,617,777	..... 0	..... 0	..... 60,617,777	..... 100.000
D. Reinsurance ceded				..... 0	
E. Total (net)* (C) - (D)	\$..... 60,617,777	\$..... 0	\$..... 0	\$..... 60,617,777	

Reconciliation of total annuity actuarial reserves and deposit fund liabilities.

F. Life & Accident & Health Annual Statement:		
1.	Exhibit 5, Annuities Section, Total (net)	\$ 60,015,960
2.	Exhibit 5, Supplementary Contracts with Life Contingencies Section, Total (net)	-
3.	Exhibit 7, Deposit-Type Contracts, Line 14, Column 1	601,817
4.	Subtotal	\$ 60,617,777
Separate Accounts Annual Statement:		
5.	Exhibit 3, Line 0299999, Column 2	\$ -
6.	Exhibit 3, Line 0399999, Column 2	-
7.	Policyholder dividends	-
8.	Policyholder premiums	-
9.	Guaranteed interest contracts	-
10.	Other contract deposit funds	-
11.	Subtotal	-
12.	Combined Total	\$ 60,617,777

G. FHLB (Federal Home Loan Bank) Agreements

1. NONE

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

A. Deferred and uncollected life insurance premiums and annuity considerations as of December 31, 2012, were as follows:

	<u>Type</u>	<u>Gross</u>	<u>Net of Loading</u>
(1)	Industrial	\$.....	\$.....
(2)	Ordinary new business	\$.....2,136,417	\$..... 792,226
(3)	Ordinary renewal	\$.....18,231,279	\$..... 30,996,664
(4)	Credit Life	\$.....	\$.....
(5)	Group Life	\$.....	\$.....
(6)	Group Annuity	\$.....	\$.....
(7)	Totals	\$.....20,367,696	\$..... 31,788,890

### 34) Separate Accounts

NONE

### 35) Loss/Claim Adjustment Expenses

NONE

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE GRANGE LIFE INSURANCE COMPANY  
NOTES TO FINANCIAL STATEMENTS**

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

### GENERAL

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

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

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

1 Nationality	2 Type of Entity

## GENERAL INTERROGATORIES

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

- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [ ] No [ X ]  
 8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the 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?  
 Price Waterhouse Coopers LLP, 41 S. High St. Suite 2500 Columbus, OH 43215.....
- 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?  
 Robert P. Stone, Milliman Inc. Chase Tower/Circle 111 Monument Circle Suite 601 Indianapolis, IN 46204.....
- 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   | \$..... |
|  | 21.22 Borrowed from others | \$..... |
|  | 21.23 Leased from others   | \$..... |
|  | 21.24 Other                | \$..... |
- 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 | \$..... |
|  | 22.22 Amount paid as expenses                  | \$..... |
|  | 22.23 Other amounts paid                       | \$..... |
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ ] No [ X ]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$.....

### 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  
 Certain bond securities are on deposit with state or regulatory bodies as marked in Schedule D Part 1.....
- 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)  
 Please see Notes to the 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. \$.....18,415,885
- 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                   | \$.....18,415,952 |
|  | 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 | \$.....18,415,885 |
|  | 24.103 Total payable for securities lending reported on the liability page                                       | \$.....18,415,885 |

## 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	\$ .....	0
25.22	Subject to reverse repurchase agreements	\$ .....	0
25.23	Subject to dollar repurchase agreements	\$ .....	0
25.24	Subject to reverse dollar repurchase agreements	\$ .....	0
25.25	Pledged as collateral	\$ .....	0
25.26	Placed under option agreements	\$ .....	0
25.27	Letter stock or securities restricted as to sale	\$ .....	0
25.28	On deposit with state or other regulatory body	\$ .....	2,545,870
25.29	Other	\$ .....	0

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
JPMorgan Chase Bank, NA.....	111 Polaris Pkwy, Columbus, OH 43240.....

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

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

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

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
109267.....	Caywood-Scholl Capital Management, LLC.	4250 Executive Square, Suite 400, La Jolla, CA 92037.....

**GENERAL INTERROGATORIES**

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

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

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	260,276,301	284,511,852	24,235,551
30.2 Preferred Stocks.....	0	0	0
30.3 Totals	260,276,301	284,511,852	24,235,551

- 30.4 Describe the sources or methods utilized in determining the fair values:  
Fair Values obtained primarily through 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? \$ .....87,624
- 33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

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

- 34.1 Amount of payments for legal expenses, if any? \$ .....445,386
- 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
Willkie Farr & Gallagher LLP.....	\$.....207,895
Sidley Austin LLP.....	\$.....201,459

- 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 - LIFE INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? ..... Yes [ ] No [ X ]
- 1.2 If yes, indicate premium earned on U. S. business only. .... \$ .....0
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? ..... \$ .....0
- 1.31 Reason for excluding:  
 .....
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. .... \$ .....0
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. .... \$ .....0
- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned ..... \$ .....0
- 1.62 Total incurred claims ..... \$ .....0
- 1.63 Number of covered lives ..... 0
- All years prior to most current three years:
- 1.64 Total premium earned ..... \$ .....0
- 1.65 Total incurred claims ..... \$ .....0
- 1.66 Number of covered lives ..... 0
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned ..... \$ .....0
- 1.72 Total incurred claims ..... \$ .....0
- 1.73 Number of covered lives ..... 0
- All years prior to most current three years:
- 1.74 Total premium earned ..... \$ .....0
- 1.75 Total incurred claims ..... \$ .....0
- 1.76 Number of covered lives ..... 0

2. Health Test:

		1		2
		Current Year		Prior Year
2.1	Premium Numerator	\$ .....0		\$ .....0
2.2	Premium Denominator	\$ .....44,805,945		\$ .....47,664,030
2.3	Premium Ratio (2.1/2.2)	.....0.000		.....0.000
2.4	Reserve Numerator	\$ .....72,934		\$ .....76,522
2.5	Reserve Denominator	\$ .....250,438,563		\$ .....243,723,672
2.6	Reserve Ratio (2.4/2.5)	.....0.000		.....0.000

- 3.1 Does this reporting entity have Separate Accounts? ..... Yes [ ] No [ X ]
- 3.2 If yes, has a Separate Accounts statement been filed with this Department? ..... Yes [ ] No [ ] N/A [ X ]
- 3.3 What portion of capital and surplus funds of the reporting entity covered by assets in the Separate Accounts statement, is not currently distributable from the Separate Accounts to the general account for use by the general account? ..... \$ .....0
- 3.4 State the authority under which Separate Accounts are maintained:  
 .....
- 3.5 Was any of the reporting entity's Separate Accounts business reinsured as of December 31? ..... Yes [ ] No [ X ]
- 3.6 Has the reporting entity assumed by reinsurance any Separate Accounts business as of December 31? ..... Yes [ ] No [ X ]
- 3.7 If the reporting entity has assumed Separate Accounts business, how much, if any, reinsurance assumed receivable for reinsurance of Separate Accounts reserve expense allowances is included as a negative amount in the liability for "Transfers to Separate Accounts due or accrued (net)? ..... \$ .....0
- 4.1 Are personnel or facilities of this reporting entity used by another entity or entities or are personnel or facilities of another entity or entities used by this reporting entity (except for activities such as administration of jointly underwritten group contracts and joint mortality or morbidity studies)? ..... Yes [ ] No [ X ]
- 4.2 Net reimbursement of such expenses between reporting entities:
- 4.21 Paid ..... \$ .....0
- 4.22 Received ..... \$ .....0
- 5.1 Does the reporting entity write any guaranteed interest contracts? ..... Yes [ ] No [ X ]
- 5.2 If yes, what amount pertaining to these items is included in:
- 5.21 Page 3, Line 1 ..... \$ .....0
- 5.22 Page 4, Line 1 ..... \$ .....0
6. For stock reporting entities only:
- 6.1 Total amount paid in by stockholders as surplus funds since organization of the reporting entity: ..... \$ .....7,031,250
7. Total dividends paid stockholders since organization of the reporting entity:
- 7.11 Cash ..... \$ .....0
- 7.12 Stock ..... \$ .....0

## GENERAL INTERROGATORIES

8.1 Does the company reinsure any Workers' Compensation Carve-Out business defined as: ..... Yes [ ] No [ X ]  
 Reinsurance (including retrocessional reinsurance) assumed by life and health insurers of medical, wage loss and death benefits of the occupational illness and accident exposures, but not the employers liability exposures, of business originally written as workers' compensation insurance.

8.2 If yes, has the reporting entity completed the *Workers Compensation Carve-Out Supplement* to the Annual Statement? ..... Yes [ ] No [ ]

8.3 If 8.1 is yes, the amounts of earned premiums and claims incurred in this statement are:

	1 Reinsurance Assumed	2 Reinsurance Ceded	3 Net Retained
8.31 Earned premium.....	.....	.....	.....
8.32 Paid claims.....	.....	.....	.....
8.33 Claim liability and reserve (beginning of year).....	.....	.....	.....
8.34 Claim liability and reserve (end of year).....	.....	.....	.....
8.35 Incurred claims.....	.....	.....	.....

8.4 If reinsurance assumed included amounts with attachment points below \$1,000,000, the distribution of the amounts reported in Lines 8.31 and 8.34 for Column 1 are:

	Attachment Point	1 Earned Premium	2 Claim Liability And Reserve
8.41	<\$25,000	.....	.....
8.42	\$25,000 – 99,999	.....	.....
8.43	\$100,000 – 249,999	.....	.....
8.44	\$250,000 – 999,999	.....	.....
8.45	\$1,000,000 or more	.....	.....

8.5 What portion of earned premium reported in 8.31, Column 1 was assumed from pools? ..... \$.....

9.1 Does the company have variable annuities with guaranteed benefits? ..... Yes [ ] No [ X ]

9.2 If 9.1 is yes, complete the following table for each type of guaranteed benefit.

Type		3	4	5	6	7	8	9
1 Guaranteed Death Benefits	2 Guaranteed Living Benefits	Waiting Period Remaining	Account Value Related to Col.3	Total Related Account Values	Gross Amount of Reserve	Location of Reserve	Portion Reinsured	Reinsurance Reserve Credit

10 For reporting entities having sold annuities to another insurer where the insurer purchasing the annuities has obtained a release of liability from the claimant (payee) as the result of the purchase of an annuity from the reporting entity only:

10.1 Amount of loss reserves established by these annuities during the current year: ..... \$.....0

10.2 List the name and location of the insurance company purchasing the annuities and the statement value on the purchase date of the annuities.

1 P&C Insurance Company and Location	2 Statement Value on Purchase Date of Annuities (i.e., Present Value)
.....	.....
.....	.....
.....	.....
.....	.....

11.1 Do you act as a custodian for health savings accounts?..... Yes [ ] No [ X ]

11.2 If yes, please provide the amount of custodial funds held as of the reporting date. .... \$.....

11.3 Do you act as an administrator for health savings accounts?..... Yes [ ] No [ X ]

11.4 If yes, please provide the balance of the funds administered as of the reporting date. .... \$.....

**FIVE-YEAR HISTORICAL DATA**

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e., 17.6.  
 Show amounts of life insurance in this exhibit in thousands (OMIT \$000)

	1 2012	2 2011	3 2010	4 2009	5 2008
<b>Life Insurance in Force</b> (Exhibit of Life Insurance)					
1. Ordinary-whole life and endowment (Line 34, Col. 4)	2,491,260	2,382,680	2,324,114	2,270,764	2,240,536
2. Ordinary-term (Line 21, Col. 4, less Line 34, Col. 4)	16,392,862	15,833,523	15,638,033	15,146,699	14,302,336
3. Credit life (Line 21, Col. 6)	0	0	0	0	0
4. Group, excluding FEGLI/SGLI (Line 21, Col. 9 less Lines 43 & 44, Col. 4)	268,438	265,163	266,119	263,875	256,695
5. Industrial (Line 21, Col. 2)	0	0	0	0	0
6. FEGLI/SGLI (Lines 43 & 44, Col. 4)	0	0	0	0	0
7. Total (Line 21, Col. 10)	19,152,560	18,481,366	18,228,266	17,681,338	16,799,567
<b>New Business Issued</b> (Exhibit of Life Insurance)					
8. Ordinary-whole life and endowment (Line 34, Col. 2)	278,563	207,317	186,100	171,682	192,297
9. Ordinary-term (Line 2, Col. 4, less Line 34, Col. 2)	1,800,593	1,058,035	1,287,298	1,579,744	1,927,336
10. Credit life (Line 2, Col. 6)	0	0	0	0	0
11. Group (Line 2, Col. 9)	13,946	23,667	15,461	13,316	20,815
12. Industrial (Line 2, Col. 2)	0	0	0	0	0
13. Total (Line 2, Col. 10)	2,093,102	1,289,019	1,488,859	1,764,742	2,140,448
<b>Premium Income - Lines of Business</b> (Exhibit 1 - Part 1)					
14. Industrial life (Line 20.4, Col. 2)	0	0	0	0	0
15.1 Ordinary life insurance (Line 20.4, Col. 3)	39,851,055	42,001,201	40,495,144	39,355,943	36,802,741
15.2 Ordinary individual annuities (Line 20.4, Col. 4)	3,581,819	4,315,609	7,744,847	4,096,011	3,448,826
16. Credit life, (group and individual) (Line 20.4, Col. 5)	0	0	0	0	0
17.1 Group life insurance (Line 20.4, Col. 6)	1,236,680	1,202,496	1,203,103	1,185,579	1,142,378
17.2 Group annuities (Line 20.4, Col. 7)	0	0	0	0	0
18.1A & H-group (Line 20.4, Col. 8)	0	0	0	0	0
18.2A & H-credit (group and individual) (Line 20.4, Col. 9)	0	0	0	0	0
18.3A & H-other (Line 20.4, Col. 10)	136,391	144,724	152,511	141,409	267,865
19. Aggregate of all other lines of business (Line 20.4, Col. 11)	0	0	0	0	0
20. Total	44,805,945	47,664,030	49,595,605	44,778,942	41,661,810
<b>Balance Sheet</b> (Pages 2 and 3)					
21. Total admitted assets excluding Separate Accounts business (Page 2, Line 26, Col. 3)	347,620,297	316,550,520	291,574,839	271,857,348	254,933,023
22. Total liabilities excluding Separate Accounts business (Page 3, Line 26)	298,493,176	274,173,533	251,768,189	233,946,757	221,362,404
23. Aggregate life reserves (Page 3, Line 1)	251,355,110	245,738,959	232,914,866	218,654,355	206,713,729
24. Aggregate A & H reserves (Page 3, Line 2)	334,317	354,947	340,655	340,688	523,106
25. Deposit-type contract funds (Page 3, Line 3)	601,817	829,726	640,431	504,188	543,037
26. Asset valuation reserve (Page 3, Line 24.01)	2,564,161	1,236,649	1,110,224	1,046,553	788,784
27. Capital (Page 3, Lines 29 & 30)	1,893,750	1,893,750	1,893,750	1,893,750	1,893,750
28. Surplus (Page 3, Line 37)	47,233,371	40,483,237	37,912,900	36,016,841	31,676,869
<b>Cash Flow (Page 5)</b>					
29. Net cash from operations (Line 11)	12,685,605	6,907,584	20,750,681	8,317,800	12,517,738
<b>Risk-Based Capital Analysis</b>					
30. Total adjusted capital	51,700,282	43,613,636	40,916,874	38,957,144	34,383,423
31. Authorized control level risk-based capital	4,910,598	4,124,379	3,917,320	3,807,498	3,688,854
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b> (Page 2, Col. 3) (Line No./Page 2, Line 12, Col. 3) x 100.0					
32. Bonds (Line 1)	83.6	88.1	89.9	92.1	88.1
33. Stocks (Lines 2.1 and 2.2)	2.1	0.0	0.0	0.0	0.4
34. Mortgage loans on real estate (Lines 3.1 and 3.2)	0.0	0.0	0.0	0.0	0.0
35. Real estate (Lines 4.1, 4.2 and 4.3)	0.0	0.0	0.0	0.0	0.0
36. Cash, cash equivalents and short-term investments (Line 5)	4.8	4.4	5.6	4.3	7.7
37. Contract loans (Line 6)	3.3	3.5	3.6	3.7	3.8
38. Derivatives (Page 2, Line 7)	0.0	0.0	0.0	XXX	XXX
39. Other invested assets (Line 8)	0.0	0.0	0.0	0.0	0.0
40. Receivables for securities (Line 9)	0.0	0.0	0.0	0.0	0.0
41. Securities lending reinvested collateral assets (Line 10)	6.1	4.0	0.8	XXX	XXX
42. Aggregate write-ins for invested assets (Line 11)	0.0	0.0	0.0	0.0	0.0
43. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2012	2 2011	3 2010	4 2009	5 2008
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
44. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)	0	0	0	0	0
45. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)	0	0	0	0	0
46. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	6,233,798	781	781	781	781
47. Affiliated short-term investments (subtotal included in Schedule DA Verification, Col. 5, Line 10)	0	0	0	0	0
48. Affiliated mortgage loans on real estate	0	0	0	0	0
49. All other affiliated	0	0	0	0	0
50. Total of above Lines 44 to 49	6,233,798	781	781	781	781
51. Total investment in parent included in Lines 44 to 49 above					
<b>Total Nonadmitted and Admitted Assets</b>					
52. Total nonadmitted assets (Page 2, Line 28, Col. 2)	3,783,140	4,381,474	4,537,012	3,636,095	4,944,220
53. Total admitted assets (Page 2, Line 28, Col. 3)	347,620,297	316,550,520	291,574,839	271,857,348	254,933,023
<b>Investment Data</b>					
54. Net investment income (Exhibit of Net Investment Income)	12,390,454	12,696,411	13,147,728	12,163,319	11,778,453
55. Realized capital gains (losses) (Page 4, Line 34, Column 1)	22,920	(226,343)	(1,562,176)	(499,566)	(3,051,073)
56. Unrealized capital gains (losses) (Page 4, Line 38, Column 1)	2,983,017	0	0	0	0
57. Total of above Lines 54, 55 and 56	15,396,391	12,470,068	11,585,552	11,663,753	8,727,380
<b>Benefits and Reserve Increase (Page 6)</b>					
58. Total contract benefits-life (Lines 10, 11, 12, 13, 14 and 15, Col.1 minus Lines 10, 11, 12, 13, 14, and 15, Cols. 9, 10 and 11)	32,751,919	30,952,185	30,853,420	27,572,737	29,862,904
59. Total contract benefits-A & H (Lines 13 & 14, Cols. 9, 10 & 11)	168,199	195,629	158,986	197,135	246,598
60. Increase in life reserves-other than group and annuities (Line 19, Cols. 2 & 3)	3,475,330	12,636,192	10,645,805	10,287,775	9,416,715
61. Increase in A & H reserves (Line 19, Cols. 9, 10 & 11)	(20,630)	14,292	(33)	(182,418)	165,395
62. Dividends to policyholders (Line 30, Col. 1)	404,451	178,222	148,502	169,919	385,333
<b>Operating Percentages</b>					
63. Insurance expense percent (Page 6, Col. 1, Lines 21, 22 & 23, less Line 6)/(Page 6, Col.1, Line 1 plus Exhibit 7, Col. 2, Line 2) x 100.00	25.4	29.1	24.7	25.8	25.3
64. Lapse percent (ordinary only) [Exhibit of Life Insurance, Col. 4, Lines 14 & 15] / 1/2 (Exhibit of Life Insurance, Col. 4, Lines 1 & 21)] x 100.00	7.4	5.4	5.0	4.9	5.8
65. A & H loss percent (Schedule H, Part 1, Lines 5 & 6, Col. 2)	108.1	144.5	104.0	22.4	152.8
66. A & H cost containment percent (Schedule H, Part 1, Line 4, Col. 2)	0.0	0.0	0.0	0.0	0.0
67. A & H expense percent excluding cost containment expenses (Schedule H, Part 1, Line 10, Col. 2)	24.0	20.9	16.3	14.8	10.7
<b>A &amp; H Claim Reserve Adequacy</b>					
68. Incurred losses on prior years' claims-group health (Sch. H, Part 3, Line 3.1, Col. 2)	0	0	0	0	0
69. Prior years' claim liability and reserve-group health (Sch. H, Part 3, Line 3.2, Col. 2)	0	0	0	0	0
70. Incurred losses on prior years' claims-health other than group (Sch. H, Part 3, Line 3.1, Col. 1 less Col. 2)	276,599	273,221	269,016	251,979	259,483
71. Prior years' claim liability and reserve-health other than group (Sch. H, Part 3, Line 3.2, Col. 1 less Col. 2)	207,769	191,904	190,686	353,543	188,576
<b>Net Gains From Operations After Federal Income Taxes by Lines of Business (Page 6, Line 33)</b>					
72. Industrial life (Col. 2)	0	0	0	0	0
73. Ordinary-life (Col. 3)	1,233,329	1,332,488	2,815,905	2,196,940	388,795
74. Ordinary-individual annuities (Col. 4)	(437,127)	456,827	824,392	642,247	339,346
75. Ordinary-supplementary contracts (Col. 5)	0	0	0	0	0
76. Credit life (Col. 6)	0	0	0	0	0
77. Group life (Col. 7)	509,083	656,134	707,674	628,483	1,139,573
78. Group annuities (Col. 8)	0	0	0	0	0
79. A & H-group (Col. 9)	0	0	0	0	0
80. A & H-credit (Col. 10)	0	0	0	0	0
81. A & H-other (Col. 11)	(18,125)	(18,125)	(4,278)	98,692	(104,613)
82. Aggregate of all other lines of business (Col. 12)	0	0	0	0	0
83. Total (Col. 1)	1,287,160	2,427,324	4,343,693	3,566,362	1,763,101

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

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE GRANGE LIFE INSURANCE COMPANY**

**EXHIBIT OF LIFE INSURANCE**

	Industrial		Ordinary		Credit Life (Group and Individual)		Group			10 Total Amount of Insurance (a)
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)	5 Number of Individual Policies and Group Certificates	6 Amount of Insurance (a)	Number of		9 Amount of Insurance (a)	
							7 Policies	8 Certificates		
1. In force end of prior year	0	0	120,551	18,216,203	0	0	2	2,247	265,163	18,481,366
2. Issued during year	0	0	10,983	2,079,156	0	0		98	13,946	2,093,102
3. Reinsurance assumed										0
4. Revived during year										0
5. Increased during year (net)									4,000	4,000
6. Subtotals, Lines 2 to 5	0	0	10,983	2,079,156	0	0	0	98	17,946	2,097,102
7. Additions by dividends during year	XXX		XXX		XXX		XXX	XXX		0
8. Aggregate write-ins for increases	0	0	0	0	0	0	0	0	0	0
9. Totals (Lines 1 and 6 to 8) Deductions during year:	0	0	131,534	20,295,359	0	0	2	2,345	283,109	20,578,468
10. Death			582	33,324			XXX	13	304	33,628
11. Maturity							XXX			0
12. Disability							XXX			0
13. Expiry										0
14. Surrender			4,365	914,066						914,066
15. Lapse			3,093	463,847						463,847
16. Conversion							XXX	XXX	XXX	0
17. Decreased (net)								104	14,367	14,367
18. Reinsurance										0
19. Aggregate write-ins for decreases	0	0	0	0	0	0	0	0	0	0
20. Totals (Lines 10 to 19)	0	0	8,040	1,411,237	0	0	0	117	14,671	1,425,908
21. In force end of year (Line 9 minus Line 20)	0	0	123,494	18,884,122	0	0	2	2,228	268,438	19,152,560
22. Reinsurance ceded end of year	XXX		XXX	15,456,637	XXX		XXX	XXX	227,906	15,684,543
23. Line 21 minus Line 22	XXX	0	XXX	3,427,485	XXX	(b)	XXX	XXX	40,532	3,468,017
<b>DETAILS OF WRITE-INS</b>										
0801.										
0802.										
0803.										
0898. Summary of remaining write-ins for Line 8 from overflow page	0	0	0	0	0	0	0	0	0	0
0899. Totals (Lines 0801 through 0803 plus 0898) (Line 8 above)	0	0	0	0	0	0	0	0	0	0
1901.										
1902.										
1903.										
1998. Summary of remaining write-ins for Line 19 from overflow page	0	0	0	0	0	0	0	0	0	0
1999. Totals (Lines 1901 through 1903 plus 1998) (Line 19 above)	0	0	0	0	0	0	0	0	0	0

(a) Amounts of life insurance in this exhibit shall be shown in thousands (omit 000)

(b) Group \$ .....; Individual \$ .....

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE GRANGE LIFE INSURANCE COMPANY

EXHIBIT OF LIFE INSURANCE (Continued)

ADDITIONAL INFORMATION ON INSURANCE IN FORCE END OF YEAR

	Industrial		Ordinary	
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)
24. Additions by dividends .....	XXX		XXX	
25. Other paid-up insurance .....				
26. Debit ordinary insurance .....	XXX	XXX		

ADDITIONAL INFORMATION ON ORDINARY INSURANCE

	Issued During Year (Included in Line 2)		In Force End of Year (Included in Line 21)	
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)
<b>Term Insurance Excluding Extended Term Insurance</b>				
27. Term policies-decreasing .....			168	7,401
28. Term policies-other .....	6,820	1,800,593	83,438	16,385,461
29. Other term insurance-decreasing .....	XXX		XXX	
30. Other term insurance .....	XXX		XXX	
31. Totals, (Lines 27 to 30) .....	6,820	1,800,593	83,606	16,392,862
<b>Reconciliation to Lines 2 and 21:</b>				
32. Term additions .....	XXX		XXX	
33. Totals, extended term insurance .....	XXX	XXX		
34. Totals, whole life and endowment .....	4,163	278,563	39,888	2,491,260
35. Totals (Lines 31 to 34) .....	10,983	2,079,156	123,494	18,884,122

CLASSIFICATION OF AMOUNT OF INSURANCE (a) BY PARTICIPATING STATUS

	Issued During Year (included in Line 2)		In Force End of Year (included in Line 21)	
	1 Non-Participating	2 Participating	3 Non-Participating	4 Participating
36. Industrial .....				
37. Ordinary .....	2,079,156		18,880,995	3,127
38. Credit Life (Group and Individual) .....				
39. Group .....	330	13,616	12,845	255,593
40. Totals (Lines 36 to 39) .....	2,079,486	13,616	18,893,840	258,720

ADDITIONAL INFORMATION ON CREDIT LIFE AND GROUP INSURANCE

	Credit Life		Group	
	1 Number of Individual Policies and Group Certificates	2 Amount of Insurance (a)	3 Number of Certificates	4 Amount of Insurance (a)
41. Amount of insurance included in Line 2 ceded to other companies .....	XXX		XXX	
42. Number in force end of year if the number under shared groups is rounded on a pro-rata basis .....		XXX		XXX
43. Federal Employees' Group Life Insurance included in Line 21 .....				
44. Servicemen's Group Life Insurance included in Line 21 .....				
45. Group Permanent Insurance included in Line 21 .....				

ADDITIONAL ACCIDENTAL DEATH BENEFITS

46. Amount of additional accidental death benefits in force end of year under ordinary policies (a)	427,342
---	---------

BASIS OF CALCULATION OF ORDINARY TERM INSURANCE

47. State basis of calculation of (47.1) decreasing term insurance contained in Family Income, Mortgage Protection, etc., policies and riders and of (47.2) term insurance on wife and children under Family, Parent and Children, etc., policies and riders included above.
47.1 Original Face Amount .....
47.2 Souse and Child Rider at current death benefit .....

POLICIES WITH DISABILITY PROVISIONS

Disability Provision	Industrial		Ordinary		Credit		Group	
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)	5 Number of Policies	6 Amount of Insurance (a)	7 Number of Certificates	8 Amount of Insurance (a)
48. Waiver of Premium .....			12,634	1,946,975				
49. Disability Income .....								
50. Extended Benefits .....			XXX	XXX				
51. Other .....								
52. Total .....	0 <sup>(b)</sup>	0	12,634 <sup>(b)</sup>	1,946,975	0 <sup>(b)</sup>	0	0 <sup>(b)</sup>	0

(a) Amounts of life insurance in this exhibit shall be shown in thousands (omit 000)

(b) See Paragraph 9 of the Annual Audited Financial Reports in the General section of the annual statement instructions.

**EXHIBIT OF NUMBER OF POLICIES, CONTRACTS, CERTIFICATES, INCOME PAYABLE AND ACCOUNT VALUES IN FORCE FOR SUPPLEMENTARY CONTRACTS, ANNUITIES, ACCIDENT & HEALTH AND OTHER POLICIES**

**SUPPLEMENTARY CONTRACTS**

	Ordinary		Group	
	1 Involving Life Contingencies	2 Not Involving Life Contingencies	3 Involving Life Contingencies	4 Not Involving Life Contingencies
1. In force end of prior year	0	0	0	0
2. Issued during year				
3. Reinsurance assumed				
4. Increased during year (net)				
5. Total (Lines 1 to 4)	0	0	0	0
Deductions during year:				
6. Decreased (net)				
7. Reinsurance ceded				
8. Totals (Lines 6 and 7)	0	0	0	0
9. In force end of year	0	0	0	0
10. Amount on deposit		(a)		(a)
11. Income now payable				
12. Amount of income payable	(a)	(a)	(a)	(a)

**NONE**

**ANNUITIES**

	Ordinary		Group	
	1 Immediate	2 Deferred	3 Contracts	4 Certificates
1. In force end of prior year	90	1,876	0	0
2. Issued during year	24	52		
3. Reinsurance assumed				
4. Increased during year (net)				
5. Totals (Lines 1 to 4)	114	1,928	0	0
Deductions during year:				
6. Decreased (net)	33	126		
7. Reinsurance ceded				
8. Totals (Lines 6 and 7)	33	126	0	0
9. In force end of year	81	1,802	0	0
Income now payable:				
10. Amount of income payable	(a)	XXX	XXX	(a)
Deferred fully paid:				
11. Account balance	XXX	(a)	XXX	(a)
Deferred not fully paid:				
12. Account balance	XXX	(a)	XXX	(a)

**ACCIDENT AND HEALTH INSURANCE**

	Group		Credit		Other	
	1 Certificates	2 Premiums in Force	3 Policies	4 Premiums in Force	5 Policies	6 Premiums in Force
1. In force end of prior year	0	0	0	0	601	342,869
2. Issued during year						
3. Reinsurance assumed						
4. Increased during year (net)		XXX		XXX		XXX
5. Totals (Lines 1 to 4)	0	XXX	0	XXX	601	XXX
Deductions during year:						
6. Conversions		XXX	XXX	XXX	XXX	XXX
7. Decreased (net)		XXX		XXX	49	XXX
8. Reinsurance ceded		XXX		XXX		XXX
9. Totals (Lines 6 to 8)	0	XXX	0	XXX	49	XXX
10. In force end of year	0	(a)	0	(a)	552	296,637

**DEPOSIT FUNDS AND DIVIDEND ACCUMULATIONS**

	1	2
	Deposit Funds Contracts	Dividend Accumulations Contracts
1. In force end of prior year	0	15
2. Issued during year		
3. Reinsurance assumed		
4. Increased during year (net)		
5. Totals (Lines 1 to 4)	0	15
Deductions during year:		
6. Decreased (net)		1
7. Reinsurance ceded		
8. Totals (Lines 6 and 7)	0	1
9. In force end of year	0	14
10. Amount of account balance	(a)	(a) 62,804

(a) See Paragraph 9 of the Annual Audited Financial Reports in the General section of the annual statement instructions.

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE GRANGE LIFE INSURANCE COMPANY

SCHEDULE T—PREMIUMS AND ANNUITY CONSIDERATIONS

Allocated by States and Territories

States, Etc.	1	Direct Business Only					
		Life Contracts		4	5	6	7
		2	3				
	Active Status	Life Insurance Premiums	Annuity Considerations	Accident and Health Insurance Premiums, Including Policy, Membership and Other Fees	Other Considerations	Total Columns 2 through 5	Deposit - Type Contracts
1. Alabama	AL	110,201	0	0	0	110,201	0
2. Alaska	AK	6,617	0	0	0	6,617	0
3. Arizona	AZ	99,713	0	0	0	99,713	0
4. Arkansas	AR	36,312	0	0	0	36,312	0
5. California	CA	95,650	0	948	0	96,598	0
6. Colorado	CO	53,759	0	0	0	53,759	0
7. Connecticut	CT	20,848	0	0	0	20,848	0
8. Delaware	DE	3,225	0	0	0	3,225	0
9. District of Columbia	DC	1,647	0	0	0	1,647	0
10. Florida	FL	565,412	6,300	4,488	0	576,200	0
11. Georgia	GA	L 6,145,242	97,310	32,342	0	6,274,894	0
12. Hawaii	HI	5,283	0	0	0	5,283	0
13. Idaho	ID	10,029	0	0	0	10,029	0
14. Illinois	IL	L 2,267,429	114,586	5,453	0	2,387,468	0
15. Indiana	IN	L 5,326,872	53,043	10,850	0	5,390,765	0
16. Iowa	IA	L 157,388	0	0	0	157,388	0
17. Kansas	KS	L 21,722	0	0	0	21,722	0
18. Kentucky	KY	L 9,016,900	331,730	55,529	0	9,404,159	0
19. Louisiana	LA	30,138	0	0	0	30,138	0
20. Maine	ME	5,013	0	0	0	5,013	0
21. Maryland	MD	44,000	0	0	0	44,000	0
22. Massachusetts	MA	31,052	0	0	0	31,052	0
23. Michigan	MI	L 3,589,993	147,014	2,738	0	3,739,745	0
24. Minnesota	MN	L 313,048	1,425	0	0	314,473	0
25. Mississippi	MS	110,794	150	0	0	110,944	0
26. Missouri	MO	L 107,596	0	0	0	107,596	0
27. Montana	MT	8,884	0	0	0	8,884	0
28. Nebraska	NE	4,467	0	0	0	4,467	0
29. Nevada	NV	28,059	0	0	0	28,059	0
30. New Hampshire	NH	6,388	0	0	0	6,388	0
31. New Jersey	NJ	24,682	0	0	0	24,682	0
32. New Mexico	NM	7,372	0	0	0	7,372	0
33. New York	NY	44,377	0	0	0	44,377	0
34. North Carolina	NC	193,068	0	1,343	0	194,411	0
35. North Dakota	ND	2,559	0	0	0	2,559	0
36. Ohio	OH	L 33,437,915	2,632,524	130,143	0	36,200,582	0
37. Oklahoma	OK	18,462	0	0	0	18,462	0
38. Oregon	OR	12,450	0	0	0	12,450	0
39. Pennsylvania	PA	L 836,477	0	0	0	836,477	0
40. Rhode Island	RI	884	0	0	0	884	0
41. South Carolina	SC	L 710,844	1,200	0	0	712,044	0
42. South Dakota	SD	6,825	0	0	0	6,825	0
43. Tennessee	TN	L 7,794,976	173,393	28,429	0	7,996,798	0
44. Texas	TX	159,400	0	1,104	0	160,504	0
45. Utah	UT	17,330	0	0	0	17,330	0
46. Vermont	VT	4,842	0	468	0	5,310	0
47. Virginia	VA	L 332,519	7,427	1,008	0	340,954	0
48. Washington	WA	18,751	0	0	0	18,751	0
49. West Virginia	WV	127,801	5,467	630	0	133,898	0
50. Wisconsin	WI	L 1,003,029	10,250	0	0	1,013,279	0
51. Wyoming	WY	4,536	0	0	0	4,536	0
52. American Samoa	AS	0	0	0	0	0	0
53. Guam	GU	0	0	0	0	0	0
54. Puerto Rico	PR	794	0	0	0	794	0
55. US Virgin Islands	VI	335	0	0	0	335	0
56. Northern Mariana Islands	MP	0	0	0	0	0	0
57. Canada	CAN	12,713	0	0	0	12,713	0
58. Aggregate Other Alien	OT	XXX 993	0	0	0	993	0
59. Subtotal	(a) 15	72,997,615	3,581,819	275,473	0	76,854,907	0
90. Reporting entity contributions for employee benefits plans	XXX	0	0	0	0	0	0
91. Dividends or refunds applied to purchase paid-up additions and annuities	XXX	0	0	0	0	0	0
92. Dividends or refunds applied to shorten endowment or premium paying period	XXX	0	0	0	0	0	0
93. Premium or annuity considerations waived under disability or other contract provisions	XXX	0	0	0	0	0	0
94. Aggregate other amounts not allocable by State	XXX	0	0	0	0	0	0
95. Totals (Direct Business)	XXX	72,997,615	3,581,819	275,473	0	76,854,907	0
96. Plus reinsurance assumed	XXX	3,432,402	0	0	0	3,432,402	0
97. Totals (All Business)	XXX	76,430,017	3,581,819	275,473	0	80,287,309	0
98. Less reinsurance ceded	XXX	36,601,385	0	139,622	0	36,741,007	0
99. Totals (All Business) less Reinsurance Ceded	XXX	39,828,632	3,581,819	(b) 135,851	0	43,546,302	0
<b>DETAILS OF WRITE-INS</b>							
58001. GBR United Kingdom	XXX	966	0	0	0	966	0
58002. ITA Italy	XXX	27	0	0	0	27	0
58003.	XXX	0	0	0	0	0	0
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0
58999. Total (Lines 58001 through 58003 + 58998)(Line 58 above)	XXX	993	0	0	0	993	0
9401.	XXX	0	0	0	0	0	0
9402.	XXX	0	0	0	0	0	0
9403.	XXX	0	0	0	0	0	0
9498. Summary of remaining write-ins for Line 94 from overflow page	XXX	0	0	0	0	0	0
9499. Total (Lines 9401 through 9403 + 9498)(Line 94 above)	XXX	0	0	0	0	0	0

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

Explanation of basis of allocation by states, etc., of premiums and annuity considerations

Post Office of which notices are sent for individual policies or contracts; head office of group policy owners.

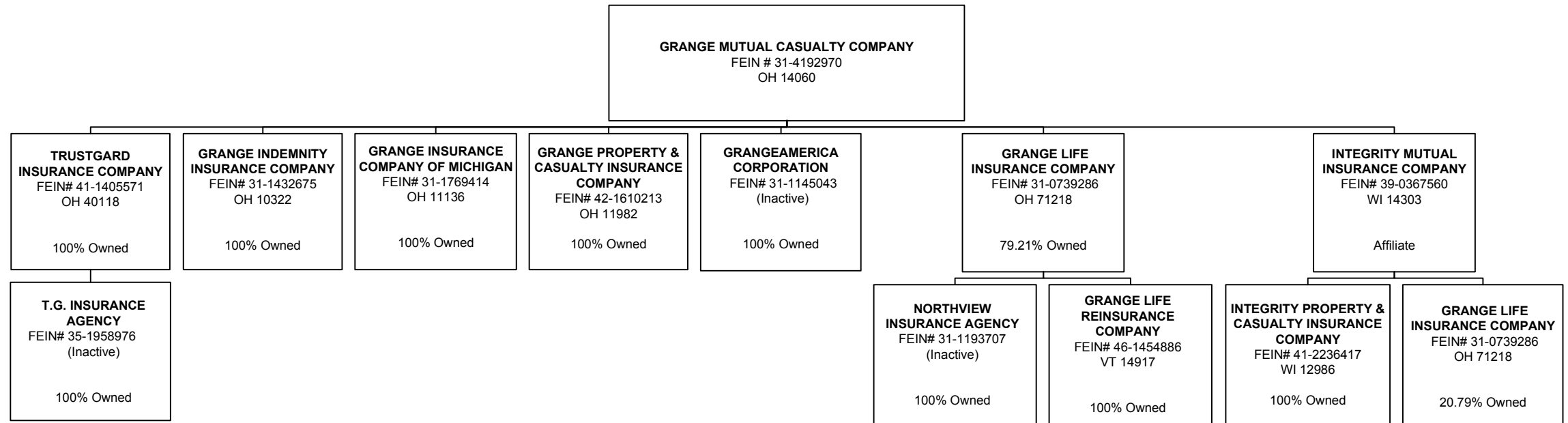
(a) Insert the number of L responses except for Canada and Other Alien.

(b) Column 4 should balance with Exhibit 1, Lines 6.4, 10.4 and 16.4, Cols. 8, 9 and 10, or with Schedule H, Part 1, Column 1, Line 1 indicate which; Exhibit 1, Lines 6.4, 10.4 and 16.4, Cols. 8, 9 and 10.

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE GRANGE LIFE INSURANCE COMPANY

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

**PART 1 – ORGANIZATIONAL CHART**



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