Amendment to include Footnote 2 as a rwsult of the adoption of SSAP Nos. 92 and 102.

14060201320100106

PROPERTY AND CASUALTY COMPANIES—ASSOCIATION EDITION

QUARTERLY STATEMENT

AS OF MARCH 31, 2013

OF THE CONDITION AND AFFAIRS OF THE

GRANGE MUTUAL CASUALTY COMPANY

NAIC Group Code 00267 (Current Period), 00267 (Prior Period) NAIC Company Code 14060 Employer's ID Number 31-4192970

Organized under the Laws of Ohio, State of Domicile or Port of Entry Ohio

Country of Domicile United States

Incorporated/Organized 03/25/1935 Commenced Business 04/20/1935

Statutory Home Office 671 South High Street (Street and Number), Columbus, OH, US 43206-1014 (City or Town, State, Country and Zip Code)

Main Administrative Office 671 South High Street (Street and Number) Columbus, OH, US 43206-1014 (City or Town, State, Country and Zip Code) 614-445-2900 (Area Code) (Telephone Number)

Mail Address 671 South High Street (Street and Number or P.O. Box), Columbus, OH, US 43206-1014 (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 671 South High Street (Street and Number) Columbus, OH, US 43206-1014 (City or Town, State, Country and Zip Code) 614-445-2900 (Area Code) (Telephone Number)

Internet Web Site Address www.grangeinsurance.com

Statutory Statement Contact David Sidney Ackermann (Name) 614-445-2900 (Area Code) (Telephone Number) (Extension)

ackermannd@grangeinsurance.com (E-mail Address) 614-449-3757 (Fax Number)

OFFICERS

Name	Title	Name	Title
THOMAS HOWARD WELCH	PRESIDENT & CEO	LAVAWN DEE COLEMAN	VP & SECRETARY
JOHN PAUL MCCAFFREY	VP & CFO		

OTHER OFFICERS

JOHN (NMN) AMMENDOLA	PRESIDENT - PERSONAL LINES	MICHAEL ANTHONY BUZEK	VP - CUSTOMER EXPERIENCE
DOREEN YVONNE DELANEY	VP - CHIEF HR & ADMINISTRATIVE OFFICER	ELIZABETH MARIE DINNIN	PRESIDENT - COMMERCIAL LINES
CAROL LYNN DRAKE	VP - MARKETING	MICHAEL CHARLES FERGANG	VP -CHIEF INFORMATION OFFICER
KENNETH RICHARD KOZEK	VP - CLAIMS	KENNETH (NMN) LIN	VP - CHIEF ACTUARY
PETER MICHAEL MCMURTRIE	VP - CHIEF SALES & MARKETING OFFICER	JOHN CHRISTOPHER MONTGOMERY	VP - INVESTMENTS
MARK CLARENCE RUSSELL	VP - INSURANCE OPERATIONS	DOUGLAS LEWIS SHARP	EXECUTIVE REGIONALVP - SALES

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 ss

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

THOMAS HOWARD WELCH PRESIDENT & CEO	LAVAWN DEE COLEMAN VP & SECRETARY	JOHN PAUL MCCAFFREY VP & CFO

Subscribed and sworn to before me this 13th day of May, 2013

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

b. If no:
1. State the amendment number 1
2. Date filed 06/27/2013
3. Number of pages attached 5

Teresa J. Burchwell, Notary Public
April 28, 2017

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

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

2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

On January 1, 2013, the Company adopted SSAP No. 92 “Accounting for Postretirement Benefits Other Than Pensions – A Replacement of SSAP No. 14” and SSAP No. 102 “Accounting for Pensions – A Replacement of SSAP No. 89”. These new standards require insurance companies to recognize the overfunded or underfunded status of a defined benefit pension or postretirement plan as an asset or a liability and also to include non-vested plan participants in determining the plan obligations and related annual expense amounts. In addition, a plan sponsor’s fiscal year-end is required to be used as the measurement date for estimating the fair value of postretirement benefit assets and liabilities. The guidance contains a transition provision that gives plan sponsors the option, on an individual plan basis, to recognize the initial impact to surplus over 10 years. The Company elected to recognize the entire impact upon adoption for the pension plan covering its Board of Directors and elected the transition option for the pension plan and postretirement healthcare plan covering its employees. The overall impact of adoption resulted in a $5.4 million decrease in unassigned funds as of January 1, 2013.

3. BUSINESS COMBINATIONS AND GOODWILL

NONE

4. DISCONTINUED OPERATIONS

NONE

5. INVESTMENTS

D. Loan-Backed Securities

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

a.

Aggregate Amount of Unrealized Losses:		
1	Less than 12 Months	(280,371)
2	Greater than 12 Months	0

b.

The Aggregate Related Fair Value of Securities with Unrealized Losses:		
1	Less than 12 Months	31,000,088
2	Greater than 12 Months	0

5) According to SSAP 43R, loan-backed and structured securities with an unrealized loss position were reviewed according to the pronouncement that became effective on September 30, 2009. 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

b) Collateral Received

	Fair Value
The fair value of that collateral and of the portion of that collateral that it has sold or re-pledged	78,840,705

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

NO CHANGE

7. INVESTMENT INCOME

NO CHANGE

8. DERIVATIVE INSTRUMENTS

NONE

9. FEDERAL INCOME

A. The components of the net deferred tax assets at March 31, 2013 and December 31, 2012 are as follows:

	March 31, 2013	December 31, 2012
Gross Deferred Tax Assets	$ 67,110,332	$ 70,599,489
Gross Deferred Tax Liabilities	48,854,015	42,488,491
Net Deferred Tax Asset (Liability)	18,256,317	28,110,995
Non-admitted Deferred Tax Assets	0	0
Admitted Deferred Tax Asset	18,256,317	28,110,995
(Increase) Decrease in Deferred Tax Assets Non-admitted	$ 0	$ 12,590,208

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

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

	March 31, 2013	December 31, 2012
Current Income Tax Expense	$ 172,330	$ 457,119
Tax on Capital Gains/(Losses)	4,408,017	7,660,069
Prior Year Under Accrual (Over Accrual)	-	(339,448)
Federal Income Taxes Incurred	$ 4,580,347	$ 7,777,740

NOTES TO FINANCIAL STATEMENTS

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES
NO CHANGE

11. DEBT
NO CHANGE

12. RETIREMENT PLANS, DEFERRED COMPENSATION, AND POSTRETIREMENT BENEFIT PLANS
A. Defined Benefit Plan
6)

		Pension Benefits		Postretirement Benefits	
	Components of net periodic benefit cost:	3/31/2013	12/31/2012	3/31/2013	12/31/2012
a.	Service cost	1,927,734	6,771,736	583,557	2,699,424
b.	Interest cost	1,600,202	6,900,201	649,934	1,599,445
c.	Expected return on plan assets	(2,178,339)	(9,242,771)	-	-
d.	Transition asset or obligation	(15,991)	(63,963)	-	-
e.	Gains and losses	1,116,556	3,329,715	66,322	846,174
f.	Prior service cost or credit	-	-	487,923	(575,041)
g.	Gain/loss recognized due to a settle. or curtail.	-	-	-	-
h.	**Total net periodic benefit cost**	2,450,163	7,694,918	1,787,736	4,570,002

13. CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUSAI-REORGANIZATIONS
NO CHANGE

14. CONTINGENCIES
NO CHANGE

15. LEASES
NO CHANGE

16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATION OF CREDIT RISK.
NONE

17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES
B. Transfer and Servicing of Financial Assets
2. For all servicing assets and servicing liabilities:
b) None
4. For securitizations, asset-backed financing arrangements and similar transfers accounted for as sales when the transferor has continuing involvement (as defined in the Accounting Practices and Procedures Manual) with the transferred financial assets:
a) None
b) None
C. Wash Sales
None

18. GAINS OR LOSS TO THE REPORTING ENTITY FROM UNINSURED A&H PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS.
NONE

19. DIRECT PREMIUM WRITTEN / PRODUCED BY MANAGING GENERAL AGENTS / THIRD PARTY ADMINISTRATORS
NONE

20. FAIR VALUE MEASUREMENTS
A.
1. Fair Value Measurements as of March 31, 2013:

Description	Level 1	Level 2	Level 3	Total
a. ASSETS AT FAIR VALUE				
Perpetual Preferred Stock				
Industrial & Misc	1,444,392	0	0	1,444,392
Parent, Subs, & Affiliates	0	0	0	0
Total Perpetual Preferred Stock	1,444,392	0	0	1,444,392
Bonds				
US Governments	0	0	0	0
US States, Territories, & Possessions	0	0	0	0
US Political Subdivisions	0	0	0	0
US Special Rev & Assessment	0	0	0	0
Industrial & Misc	0	6,696,539	5,800	6,702,339
Parent, Subs, & Affiliates	0	0	0	0
Total Bonds	0	6,696,539	5,800	6,702,339
Common Stock				
Industrial & Misc	231,971,728	182,191	0	232,153,919
Parent, Subs, & Affiliates	0	0	192,805,665	192,805,665
Total Common Stock	231,971,728	182,191	192,805,665	424,959,584
Other Invested Assets	0	44,893,194	46,663,565	91,556,758
Total Other Invested	0	44,893,194	46,663,565	91,556,758
TOTAL ASSETS AT FAIR VALUE	233,416,120	51,771,924	239,475,029	524,663,073
b. LIABILITIES AT FAIR VALUE				
Derivative liabilities	0	0	0	0
Total Derivative Liabilities	0	0	0	0
TOTAL LIABILITIES AT FAIR VALUE	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

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

	Balance at 01/01/2013	Transfers in to Level 3	Transfers out Level 3	Total G/(L) included in Net Income	Total G/(L) included in Surplus	Purchases	Issuances	Sales	Settlements	Balance at 3/31/2013
Bonds	0	5,800	0	0	0	0	0	0	0	5,800
Common Stock	188,056,560	0	0	0	4,749,105	0	0	0	0	192,805,665
Other Invested Assets	47,904,012	0	0	868,095	891,458	0	0	3,000,000	0	46,663,565
Total	235,960,572	5,800	0	868,095	5,640,563	0	0	0	0	239,475,030

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

As of March 31, 2013, the reported fair value of the entity's investments categorized within Level 2 and Level 3 of the fair value hierarchy are as follows:

Bonds - According to statutory accounting rules, fixed income securities with a rating of NAIC 1 or 2 are reported at amortized cost. Securities with a rating of NAIC 3 thru 6, or non-investment grade ratings, are measured and reported at the lower of amortized cost or fair value on the statement of financial position. Therefore, the Company reported $6.7million of bonds with non-investment grade ratings at fair value on the statement of financial position as of March 31, 2013. The Company holds a security as a result of a conversion with limited options for trading. The security has been priced by the manager based on expectations for how it is most likely to trade. Therefore, it is being reported as a Level 3 security at $5800. At the end of every quarter and at year-end, the Company utilizes fair values provided by the Securities Valuation Office (SVO) of the National Association of Insurance Commissioners (NAIC). The SVO is responsible for the credit quality assessment and valuation of securities owned by state regulated insurance companies. Fair value is determined by evaluations based on observable market information rather than market quotes. Inputs to the evaluations include, but are not limited to, market prices from recently completed transactions and transactions of comparable securities, credit spreads, interest rate yield curves, and other market-observable information. Thus, fixed income securities measured and reported at fair value are included in the amounts disclosed in Level 2 of the hierarchy.

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

Parent, Subsidiaries, and Affiliates – The Company's investments in six subsidiaries are measured and reported at fair value as of March 31, 2013 for each respective entity totaling $192.8 million in aggregate. Fair value measurement is determined by the individual entity's surplus at the end of a period, or the amount by which assets exceed liabilities. Each subsidiary is in the insurance industry, whereby its assets are largely comprised of fixed income securities carried at amortized cost and its liabilities represent reserves for underwriting losses. Some inputs to the valuation methodology are unobservable and significant to the fair value measurement, and result in disclosure at Level 3.

Other Invested Assets - Included in other invested assets are five limited partnerships, two of which are considered private equity funds that invest in equity securities and debt or other securities providing equity like returns. The private equity funds are reported at their most recently available fair value provided by the Managing Member of the Fund, net any contributions or distributions since said report, totaling $0.6 as of March 31, 2013. Fair value is the amount that would be received to sell an asset or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The Managing Member is required to make significant judgments that impact the reported fair value of investments. Fair value is determined using valuation methodologies after giving consideration to a range of factors including, but not limited to, the price at which the investment was acquired, the nature of the investment, relevant market conditions, trading values on public exchanges for comparable securities discounted accordingly for size, current and projected operating performance, and financing transactions subsequent to the acquisition of the investment. A financial instrument's categorization within the fair value hierarchy is based on the lowest level of input that is significant to its fair value measurement. As of March 31, 2013 all investments related to the private equity funds are classified as Level 3 assets.

The other three limited partnerships, totaling $55.7 million as of March 31, 2013 are considered hedge funds. Fair value reported on the statement of financial position represents the most recently available valuation provided by the fund manager, usually the previous month from the reporting date due to the timing for receipt of the monthly statement. One hedge fund, with a fair value of $9.7 million, has underlying assets consisting of cash and marketable equity securities. The Company's investment in the fund is valued at the proportionate interest in the net asset value of the marketable securities held by the partnership. Some investments are quoted prices in markets that are not considered to be active for identical assets or liabilities, quoted prices in active markets for similar assets or liabilities and inputs other than quoted prices that are directly observable or indirectly through corroboration with observable market data. As of March 31, 2013, the partnership is classified as Level 2 assets. The remaining two hedge funds, valued at $46.1 million, report fair value based on values provided to a trustee by the fund manager. The Company's investment in each is valued at the proportionate interest in the net asset value of the partnership. There are no unfunded commitments related to the hedge funds and units are redeemable at net asset value with the appropriate prior written notice. Inputs are unobservable and result in disclosure at Level 3 of the fair value hierarchy.

During the first quarter of 2013, the Company made contributions to the Eaton Vance Institutional Senior Loan Fund. The Fund is a limited liability corporation incorporated under the laws of the Cayman Islands. The Fund's investment objective is to provide as high a level of current income as is consistent with the preservation of capital, by investing in a portfolio primarily of senior floating-rate loans. Eaton Vance uses an independent pricing service to value most loans and other debt securities at their market value. In certain situations, Eaton Vance may use the fair value of a security if market prices are unavailable or deemed unreliable. As of March 31, 2013, the fund is classified as Level 2 assets.

5. Not Required
6.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Not Practicable (CV)
Bonds	980,448,025	917,687,543	104,262,685	876,179,541	5,800	0
Common Stock	424,781,188	424,781,188	231,793,332	182,191	192,803,665	2,000
Perpetual Preferred	6,115,435	4,357,228	4,714,623	1,400,812	0	0
Other Invested Assets	91,556,758	91,556,758	0	44,893,194	46,663,565	0
Money Market	30,747,052	30,747,052	30,747,052	0	0	0
Total	1,533,826,854	1,469,308,165	371,517,691	922,655,738	239,473,029	2,000

NOTES TO FINANCIAL STATEMENTS

D. Not Practicable to Estimate Fair Value

Type of Financial Instrument	Carrying Value	Effective Interest Rate	Maturity Date	Explanation
Bonds	0			
Common Stock	2,000	N/A	N/A	Affiliate
Perpetual Preferred	0			
Mortgage Loans	0			
Money Market	0			
Total	2,000			

21. OTHER ITEMS
NO CHANGE

22. EVENTS SUBSEQUENT
NO CHANGE

23. REINSURANCE
NO CHANGE

24. RETROSPECTIVELY RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION
NONE

25. CHANGES IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES
Reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years has increased (decreased) by $(1.984) million from $673.968 million in 2012 to $671.984 million in 2013 as a result of re-estimation of unpaid losses and loss adjustment expenses principally on private passenger auto liability and homeowners lines of insurance. This increase (decrease) is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims. Included in this increase (decrease), the Company experienced $0 million of unfavorable (favorable) prior year loss development on retrospectively rated policies. However, since the business to which it relates is subject to premium adjustments, there was no significant impact on surplus.

LOSSES AND LAE	March 31, 2013	December 31, 2012
BALANCE JANUARY 1	673,968,060	643,985,967
LESS REINSURANCE RECOVERABLES	248,094,531	217,578,384
NET BALANCE JANUARY 1	425,873,529	426,407,583
INCURRED RELATED TO:		
CURRENT YEAR	138,514,831	636,295,421
PRIOR YEAR	(1,984,287)	(36,528,869)
TOTAL INCURRED	136,530,544	599,766,553
PAID RELATED TO:		
CURRENT YEAR	67,719,881	418,062,235
PRIOR YEAR	74,617,323	182,238,372
TOTAL PAID	142,337,205	600,300,607
NET BALANCE AT DECEMBER 31	420,066,869	425,873,529
PLUS REINSURANCE RECOVERABLES	299,706,507	248,094,531
BALANCE AT DECEMBER 31	719,773,376	673,968,060

26. INTERCOMPANY POOLING AGREEMENTS
NO CHANGE

27. STRUCTURED SETTLEMENTS
NO CHANGE.

28. HEALTH CARE RECEIVABLES
NONE

29. PARTICIPATING POLICIES
NONE

30. PREMIUM DEFICIENCY RESERVES
NO CHANGE

31. HIGH DEDUCTIBLES
NONE

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

33. ASBESTOS/ENVIRONMENTAL RESERVES
NONE

34. SUBSCRIBER SAVINGS ACCOUNTS
NOT APPLICABLE

35. MULTIPLE PERIL CROP INSURANCE
NONE

36. FINANCIAL GUARANTY INSURANCE
No Financial Guaranty Insurance

NOTES TO FINANCIAL STATEMENTS

37. CATASTROPHIC PLANNING
NO CHANGE