



ANNUAL STATEMENT
For the Year Ended December 31, 2013
OF THE CONDITION AND AFFAIRS OF THE
GRANGE INDEMNITY INSURANCE COMPANY

NAIC Group Code	00267	00267	NAIC Company Code	10322	Employer's ID Number	31-1432675
	(Current Period)	(Prior Period)				
Organized under the Laws of	Ohio			State of Domicile or Port of Entry		Ohio
Country of Domicile	United States					
Incorporated/Organized	03/10/1995			Commenced Business		08/03/1995
Statutory Home Office	671 South High Street			Columbus, OH, US 43206-1014		
	(Street and Number)			(City or Town, State, Country and Zip Code)		
Main Administrative Office	671 South High Street			Columbus, OH, US 43206-1014		614-445-2900
	(Street and Number)			(City or Town, State, Country and Zip Code)		(Area Code) (Telephone Number)
Mail Address	671 South High Street, P.O. Box 1218			Columbus, OH, US 43216-1218		
	(Street and Number or P.O. Box)			(City or Town, State, Country and Zip Code)		
Primary Location of Books and Records	671 South High Street			Columbus, OH, US 43206-1014		614-445-2900
	(Street and Number)			(City or Town, State, Country and Zip Code)		(Area Code) (Telephone Number)
Internet Web Site Address	www.grangeinsurance.com					
Statutory Statement Contact	David Sidney Ackermann			614-445-2900		
	(Name)			(Area Code) (Telephone Number) (Extension)		
	ackermannnd@grangeinsurance.com			614-449-3757		
	(E-Mail Address)			(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 CHRISTOPHER MONTGOMERY	VP - INVESTMENTS		
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DIRECTORS OR TRUSTEES

MARK LEWIS BOXER #	DOUGLAS PAUL BUTH	GLENN EUGENE CORLETT	ELWOOD GORDON GEE
ROBERT ENLOW HOYT	JOHN PAUL MCCAFFREY	MARY MARNETTE PERRY	MELVIN GEORGE PYE JR
THOMAS SIMRALL STEWART	THOMAS HOWARD WELCH	DAVID CHARLES WETMORE	CHRISTIANNA (NMN) WOOD #

State ofOhio.....
County ofFranklin.....

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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 24th day of February, 2014		a. Is this an original filing? Yes [X] No [] b. If no: 1. State the amendment number 2. Date filed 3. Number of pages attached
Teresa J. Burchwell, Notary Public April 28, 2017		

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE GRANGE INDEMNITY INSURANCE COMPANY

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	74,280,267		74,280,267	68,676,267
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	0		0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$898,554 , Schedule E-Part 1), cash equivalents (\$0 , Schedule E-Part 2) and short-term investments (\$0 , Schedule DA).....	898,554		898,554	1,123,813
6. Contract loans (including \$premium notes).....			0	0
7. Derivatives (Schedule DB).....			0	0
8. Other invested assets (Schedule BA)	0		0	0
9. Receivables for securities			0	0
10. Securities lending reinvested collateral assets (Schedule DL).....	853,938		853,938	4,088,245
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	76,032,759	0	76,032,759	73,888,325
13. Title plants less \$ charged off (for Title insurers only).....			0	0
14. Investment income due and accrued	813,478		813,478	767,356
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	8,706,680	47,472	8,659,208	7,801,868
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$14,433 earned but unbilled premiums).....	14,963	530	14,433	(8,934)
15.3 Accrued retrospective premiums.....			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers			0	0
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon			0	0
18.2 Net deferred tax asset.....	1,610,015		1,610,015	1,481,504
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software.....			0	0
21. Furniture and equipment, including health care delivery assets (\$)			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	1,242,642		1,242,642	1,020,873
24. Health care (\$) and other amounts receivable.....			0	0
25. Aggregate write-ins for other than invested assets	21,403	0	21,403	20,976
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	88,441,940	48,002	88,393,938	84,971,968
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
28. Total (Lines 26 and 27)	88,441,940	48,002	88,393,938	84,971,968
DETAILS OF WRITE-INS				
1101.			0	0
1102.			0	0
1103.			0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Equities in Pools.....	21,403		21,403	20,976
2502.			0	0
2503.			0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	21,403	0	21,403	20,976

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)	16,804,371	15,607,103
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)		0
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	5,021,507	4,672,588
4. Commissions payable, contingent commissions and other similar charges	815,732	568,490
5. Other expenses (excluding taxes, licenses and fees)	1,537,697	1,313,943
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	557,441	510,011
7.1 Current federal and foreign income taxes (including \$49,004 on realized capital gains (losses))	1,240,872	820,959
7.2 Net deferred tax liability		0
8. Borrowed money \$ and interest thereon \$		0
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$26,144,154 and including warranty reserves of \$ and accrued accident and health experience rating refunds including \$ for medical loss ratio rebate per the Public Health Service Act)	17,938,292	16,568,151
10. Advance premium	(149,029)	0
11. Dividends declared and unpaid:		
11.1 Stockholders		0
11.2 Policyholders	39,803	35,985
12. Ceded reinsurance premiums payable (net of ceding commissions)		0
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		0
14. Amounts withheld or retained by company for account of others		0
15. Remittances and items not allocated		0
16. Provision for reinsurance (including \$ certified) (Schedule F, Part 8)	0	0
17. Net adjustments in assets and liabilities due to foreign exchange rates		0
18. Drafts outstanding		0
19. Payable to parent, subsidiaries and affiliates		0
20. Derivatives		0
21. Payable for securities		0
22. Payable for securities lending	853,938	4,088,245
23. Liability for amounts held under uninsured plans		0
24. Capital notes \$ and interest thereon \$		0
25. Aggregate write-ins for liabilities	0	0
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	44,660,624	44,185,475
27. Protected cell liabilities		0
28. Total liabilities (Lines 26 and 27)	44,660,624	44,185,475
29. Aggregate write-ins for special surplus funds	0	0
30. Common capital stock	2,000,000	2,000,000
31. Preferred capital stock		0
32. Aggregate write-ins for other than special surplus funds	0	0
33. Surplus notes		0
34. Gross paid in and contributed surplus	5,000,000	5,000,000
35. Unassigned funds (surplus)	36,733,314	33,786,493
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 30 \$)		0
36.2 shares preferred (value included in Line 31 \$)		0
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	43,733,314	40,786,493
38. Totals (Page 2, Line 28, Col. 3)	88,393,938	84,971,968
DETAILS OF WRITE-INS		
2501.		0
2502.		0
2503.		0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	0	0
2901.		0
2902.		0
2903.		0
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0
3201.		0
3202.		0
3203.		0
3298. Summary of remaining write-ins for Line 32 from overflow page	0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	0	0

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE GRANGE INDEMNITY INSURANCE COMPANY

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	44,222,225	41,387,264
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	24,377,375	24,010,032
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	5,228,633	4,550,280
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	14,622,090	13,327,788
5. Aggregate write-ins for underwriting deductions	0	0
6. Total underwriting deductions (Lines 2 through 5)	44,228,098	41,888,100
7. Net income of protected cells		0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(5,873)	(500,836)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	2,686,069	2,583,060
10. Net realized capital gains (losses) less capital gains tax of \$49,004 (Exhibit of Capital Gains (Losses)).....	91,007	107,146
11. Net investment gain (loss) (Lines 9 + 10)	2,777,076	2,690,206
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$5,033 amount charged off \$227,572)	(222,539)	(201,358)
13. Finance and service charges not included in premiums	1,375,221	1,313,732
14. Aggregate write-ins for miscellaneous income	208,918	122,079
15. Total other income (Lines 12 through 14)	1,361,600	1,234,453
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	4,132,802	3,423,823
17. Dividends to policyholders	129,577	125,951
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	4,003,225	3,297,872
19. Federal and foreign income taxes incurred	1,191,868	763,265
20. Net income (Line 18 minus Line 19) (to Line 22)	2,811,357	2,534,607
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	40,786,493	38,312,366
22. Net income (from Line 20)	2,811,357	2,534,607
23. Net transfers (to) from Protected Cell accounts		0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$		0
25. Change in net unrealized foreign exchange capital gain (loss)		0
26. Change in net deferred income tax	128,511	(61,650)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	6,952	1,171
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	0	0
29. Change in surplus notes		0
30. Surplus (contributed to) withdrawn from protected cells		0
31. Cumulative effect of changes in accounting principles		0
32. Capital changes:		
32.1 Paid in		0
32.2 Transferred from surplus (Stock Dividend)		0
32.3 Transferred to surplus		0
33. Surplus adjustments:		
33.1 Paid in		0
33.2 Transferred to capital (Stock Dividend)		0
33.3 Transferred from capital		0
34. Net remittances from or (to) Home Office		0
35. Dividends to stockholders		0
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)	0	0
37. Aggregate write-ins for gains and losses in surplus	0	0
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	2,946,820	2,474,128
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	43,733,314	40,786,493
DETAILS OF WRITE-INS		
0501.		0
0502.		0
0503.		0
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0
1401. Miscellaneous Income.....	208,918	122,079
1402.		0
1403.		0
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	208,918	122,079
3701.		0
3702.		0
3703.		0
3798. Summary of remaining write-ins for Line 37 from overflow page	0	0
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	0	0

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	44,569,583	41,870,008
2. Net investment income	3,070,799	2,906,787
3. Miscellaneous income	1,361,600	1,234,453
4. Total (Lines 1 through 3)	49,001,982	46,011,248
5. Benefit and loss related payments	23,180,108	24,190,197
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	18,983,377	17,293,055
8. Dividends paid to policyholders	125,759	120,913
9. Federal and foreign income taxes paid (recovered) net of \$ 49,004 tax on capital gains (losses)	820,959	636,817
10. Total (Lines 5 through 9)	43,110,202	42,240,982
11. Net cash from operations (Line 4 minus Line 10)	5,891,779	3,770,266
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	9,190,903	10,272,342
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)	9,190,903	10,272,342
13. Cost of investments acquired (long-term only):		
13.1 Bonds	15,085,744	13,981,587
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	15,085,744	13,981,587
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(5,894,841)	(3,709,245)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied)	(222,197)	424,844
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(222,197)	424,844
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(225,259)	485,865
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	1,123,813	637,948
19.2 End of year (Line 18 plus Line 19.1)	898,554	1,123,813

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business		1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire .....	.609,339	.321,634	.346,049	.584,923
2.	Allied lines .....	.337,827	.180,005	.193,250	.324,582
3.	Farmowners multiple peril .....	.790,252	.367,355	.403,574	.754,033
4.	Homeowners multiple peril .....	.9,946,300	.5,230,537	.5,626,848	.9,549,988
5.	Commercial multiple peril .....	.4,313,641	.1,985,519	.2,128,951	.4,170,209
6.	Mortgage guaranty .....	.0	.0	.0	.0
8.	Ocean marine .....	.0	.0	.0	.0
9.	Inland marine .....	.325,963	.179,680	.177,759	.327,884
10.	Financial guaranty .....	.0	.0	.0	.0
11.1	Medical professional liability-occurrence .....	.0	.0	.0	.0
11.2	Medical professional liability-claims-made .....	.0	.0	.0	.0
12.	Earthquake .....	.95,551	.55,573	.54,296	.96,828
13.	Group accident and health .....	.3,884	.0	.0	.3,884
14.	Credit accident and health (group and individual) .....	.0	.0	.0	.0
15.	Other accident and health .....	.0	.0	.0	.0
16.	Workers' compensation .....	.1,533,635	.631,855	.619,010	.1,546,480
17.1	Other liability - occurrence .....	.717,263	.398,566	.382,949	.732,879
17.2	Other liability - claims-made .....	.238	.66	.65	.240
17.3	Excess workers' compensation.....	.0	.0	.0	.0
18.1	Products liability-occurrence .....	.2,244	.809	.922	.2,131
18.2	Products liability-claims-made .....	.0	.0	.0	.0
19.1,19.2	Private passenger auto liability .....	.12,826,712	.3,184,265	.3,305,139	.12,705,837
19.3,19.4	Commercial auto liability .....	.3,452,261	.1,271,084	.1,655,265	.3,068,080
21.	Auto physical damage .....	.10,635,799	.2,760,600	.3,043,880	.10,352,519
22.	Aircraft (all perils) .....	.0	.0	.0	.0
23.	Fidelity .....	.0	.0	.0	.0
24.	Surety .....	.0	.0	.0	.0
26.	Burglary and theft .....	.1,459	.603	.335	.1,727
27.	Boiler and machinery .....	.0	.0	.0	.0
28.	Credit .....	.0	.0	.0	.0
29.	International .....	.0	.0	.0	.0
30.	Warranty .....	.0	.0	.0	.0
31.	Reinsurance-nonproportional assumed property .....	.0	.0	.0	.0
32.	Reinsurance-nonproportional assumed liability .....	.0	.0	.0	.0
33.	Reinsurance-nonproportional assumed financial lines .....	.0	.0	.0	.0
34.	Aggregate write-ins for other lines of business .....	.0	.0	.0	.0
35.	TOTALS	45,592,367	16,568,151	17,938,292	44,222,225
DETAILS OF WRITE-INS					
3401.	.....	.0	.0	.0	.0
3402.	.....	.0	.0	.0	.0
3403.	.....	.0	.0	.0	.0
3498.	Sum. of remaining write-ins for Line 34 from overflow page .....	.0	.0	.0	.0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	.0	.0	.0	.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business		1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire	346,049				346,049
2.	Allied lines	193,250				193,250
3.	Farmowners multiple peril	403,574				403,574
4.	Homeowners multiple peril	5,626,848				5,626,848
5.	Commercial multiple peril	2,128,951				2,128,951
6.	Mortgage guaranty					0
8.	Ocean marine					0
9.	Inland marine	177,759				177,759
10.	Financial guaranty					0
11.1	Medical professional liability-occurrence					0
11.2	Medical professional liability-claims-made					0
12.	Earthquake	54,296				54,296
13.	Group accident and health					0
14.	Credit accident and health (group and individual) ...					0
15.	Other accident and health					0
16.	Workers' compensation	619,010				619,010
17.1	Other liability-occurrence	382,949				382,949
17.2	Other liability-claims-made	65				65
17.3	Excess workers' compensation					0
18.1	Products liability-occurrence	922				922
18.2	Products liability-claims-made					0
19.1,19.2	Private passenger auto liability	3,305,139				3,305,139
19.3,19.4	Commercial auto liability	1,655,265				1,655,265
21.	Auto physical damage	3,043,880				3,043,880
22.	Aircraft (all perils)					0
23.	Fidelity					0
24.	Surety					0
26.	Burglary and theft	335				335
27.	Boiler and machinery					0
28.	Credit					0
29.	International					0
30.	Warranty					0
31.	Reinsurance-nonproportional assumed property					0
32.	Reinsurance-nonproportional assumed liability					0
33.	Reinsurance-nonproportional assumed financial lines					0
34.	Aggregate write-ins for other lines of business	0	0	0	0	0
35.	TOTALS	17,938,292	0	0	0	17,938,292
36.	Accrued retrospective premiums based on experience					
37.	Earned but unbilled premiums					
38.	Balance (Sum of Lines 35 through 37)					17,938,292
DETAILS OF WRITE-INS						
3401.	.....					0
3402.	.....					0
3403.	.....					0
3498.	Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0	0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire		609,339				609,339
2. Allied lines		337,827				337,827
3. Farmowners multiple peril		790,252				790,252
4. Homeowners multiple peril		9,946,300				9,946,300
5. Commercial multiple peril		4,313,641				4,313,641
6. Mortgage guaranty						0
8. Ocean marine						0
9. Inland marine		325,963				325,963
10. Financial guaranty						0
11.1 Medical professional liability-occurrence						0
11.2 Medical professional liability-claims-made						0
12. Earthquake		95,551				95,551
13. Group accident and health		3,884				3,884
14. Credit accident and health (group and individual)						0
15. Other accident and health						0
16. Workers' compensation		1,533,635				1,533,635
17.1 Other liability-occurrence		717,263				717,263
17.2 Other liability-claims-made		238				238
17.3 Excess workers' compensation						0
18.1 Products liability-occurrence		2,244				2,244
18.2 Products liability-claims- made						0
19.1,19.2 Private passenger auto liability	14,106,507	12,826,712		14,066,182	40,325	12,826,712
19.3,19.4 Commercial auto liability	29,125,787	3,452,261	18,242	29,077,955	66,074	3,452,261
21. Auto physical damage	16,549,600	10,635,799	411	16,404,667	145,343	10,635,799
22. Aircraft (all perils)						0
23. Fidelity						0
24. Surety						0
26. Burglary and theft		1,459				1,459
27. Boiler and machinery						0
28. Credit						0
29. International						0
30. Warranty						0
31. Reinsurance- nonproportional assumed property	XXX					0
32. Reinsurance- nonproportional assumed liability	XXX					0
33. Reinsurance- nonproportional assumed financial lines	XXX					0
34. Aggregate write-ins for other lines of business	0	0	0	0	0	0
35. TOTALS	59,781,894	45,592,367	18,653	59,548,805	251,742	45,592,367
DETAILS OF WRITE-INS						
3401.						0
3402.						0
3403.						0
3498. Sum. of remaining write- ins for Line 34 from overflow page	0	0	0	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0	0

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

If yes: 1. The amount of such installment premiums \$
2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE GRANGE INDEMNITY INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

		Losses Paid Less Salvage				5	6	7	8
		1	2	3	4				
Line of Business		Direct Business	Reinsurance Assumed	Reinsurance Recovered	Net Payments (Cols. 1 + 2 - 3)	Net Losses Unpaid Current Year (Part 2A, Col. 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Cols. 4 + 5 - 6)	Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1.	Fire		276,228		276,228	50,120	39,700	286,647	49.0
2.	Allied lines		85,444		85,444	32,290	33,280	84,454	26.0
3.	Farmowners multiple peril		396,992		396,992	143,350	159,765	380,576	50.5
4.	Homeowners multiple peril		5,055,755		5,055,755	1,224,288	1,135,492	5,144,551	53.9
5.	Commercial multiple peril		1,975,810		1,975,810	2,578,724	2,622,863	1,931,671	46.3
6.	Mortgage guaranty				0	0	0	0	0.0
8.	Ocean marine				0	0	0	0	0.0
9.	Inland marine		122,690		122,690	41,991	35,061	129,619	39.5
10.	Financial guaranty				0	0	0	0	0.0
11.1	Medical professional liability-occurrence				0	0	0	0	0.0
11.2	Medical professional liability-claims-made				0	0	0	0	0.0
12.	Earthquake				0	0	0	0	0.0
13.	Group accident and health		6,296		6,296	25,645	24,741	7,200	185.4
14.	Credit accident and health (group and individual)				0	0	0	0	0.0
15.	Other accident and health				0	0	0	0	0.0
16.	Workers' compensation		744,466		744,466	1,501,888	1,426,270	820,084	53.0
17.1	Other liability-occurrence		298,445		298,445	785,218	496,491	587,173	80.1
17.2	Other liability-claims-made		(5,568)		(5,568)	11,684	11,748	(5,633)	(2,349.4)
17.3	Excess workers' compensation				0	0	0	0	0.0
18.1	Products liability-occurrence		211		211	2,072	2,275	9	0.4
18.2	Products liability-claims-made				0	0	0	0	0.0
19.1,19.2	Private passenger auto liability	6,685,373	7,004,477	6,685,373	7,004,477	7,637,348	7,530,405	7,111,420	56.0
19.3,19.4	Commercial auto liability	6,466,659	1,299,209	6,471,954	1,293,914	2,780,208	2,167,548	1,906,574	62.1
21.	Auto physical damage	8,190,395	5,924,960	8,190,407	5,924,948	(11,651)	(79,729)	5,993,026	57.9
22.	Aircraft (all perils)				0	17	17	0	0.0
23.	Fidelity				0	0	0	0	0.0
24.	Surety				0	1,171	1,171	0	0.0
26.	Burglary and theft				0	9	6	3	0.2
27.	Boiler and machinery				0	0	0	0	0.0
28.	Credit				0	0	0	0	0.0
29.	International				0	0	0	0	0.0
30.	Warranty				0	0	0	0	0.0
31.	Reinsurance-nonproportional assumed property	XXX			0	0	0	0	0.0
32.	Reinsurance-nonproportional assumed liability	XXX			0	0	0	0	0.0
33.	Reinsurance-nonproportional assumed financial lines	XXX			0	0	0	0	0.0
34.	Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0.0
35.	TOTALS	21,342,426	23,185,415	21,347,733	23,180,108	16,804,371	15,607,103	24,377,375	55.1
DETAILS OF WRITE-INS									
3401.	.....				0	0	0	0	0.0
3402.	.....				0	0	0	0	0.0
3403.	.....				0	0	0	0	0.0
3498.	Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	0	0.0
3499.	Totals (Lines 3401 through 3403 + 3498) (Line 34 above)	0	0	0	0	0	0	0	0.0

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE GRANGE INDEMNITY INSURANCE COMPANY

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

		Reported Losses				Incurred But Not Reported			8	9
		1	2	3	4	5	6	7		
Line of Business		Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable	Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1.	Fire		24,733		24,733		25,387		50,120	27,057
2.	Allied lines		18,200		18,200		14,090		32,290	17,579
3.	Farmowners multiple peril		98,828		98,828		44,522		143,350	49,878
4.	Homeowners multiple peril		801,578		801,578		422,710		1,224,288	494,097
5.	Commercial multiple peril		1,293,072		1,293,072		1,285,652		2,578,724	1,436,332
6.	Mortgage guaranty				0				0	
8.	Ocean marine				0				0	
9.	Inland marine		35,732		35,732		6,259		41,991	9,833
10.	Financial guaranty				0				0	
11.1	Medical professional liability-occurrence				0				0	
11.2	Medical professional liability-claims-made				0				0	
12.	Earthquake				0		0		0	232
13.	Group accident and health		25,645		25,645				(a) 25,645	88
14.	Credit accident and health (group and individual)				0				0	
15.	Other accident and health				0				(a) 0	
16.	Workers' compensation		910,054		910,054		591,834		1,501,888	280,861
17.1	Other liability-occurrence		510,015		510,015		275,203		785,218	32,450
17.2	Other liability-claims-made		11,571		11,571		113		11,684	188
17.3	Excess workers' compensation				0				0	
18.1	Products liability-occurrence		1,088		1,088		984		2,072	1,087
18.2	Products liability-claims-made				0				0	
19.1,19.2	Private passenger auto liability	5,914,406	5,575,804	5,914,406	5,575,804	1,387,407	2,061,545	1,387,407	7,637,348	1,883,651
19.3,19.4	Commercial auto liability	9,132,158	1,609,394	9,136,467	1,605,085	7,246,376	1,178,050	7,249,303	2,780,208	411,855
21.	Auto physical damage	(199,088)	(315,795)	(199,089)	(315,794)	704,518	304,151	704,526	(11,651)	376,313
22.	Aircraft (all perils)		17		17				17	
23.	Fidelity				0				0	
24.	Surety		1,171		1,171				1,171	
26.	Burglary and theft				0		9		9	4
27.	Boiler and machinery				0				0	
28.	Credit				0				0	
29.	International				0				0	
30.	Warranty				0				0	
31.	Reinsurance-nonproportional assumed property	XXX			0	XXX			0	
32.	Reinsurance-nonproportional assumed liability	XXX			0	XXX			0	
33.	Reinsurance-nonproportional assumed financial lines	XXX			0	XXX			0	
34.	Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0	0
35.	TOTALS	14,847,476	10,601,105	14,851,784	10,596,797	9,338,301	6,210,509	9,341,236	16,804,371	5,021,507
DETAILS OF WRITE-INS										
3401.	.....				0				0	
3402.	.....				0				0	
3403.	.....				0				0	
3498.	Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	0	0	0
3499.	Totals (Lines 3401 through 3403 + 3498) (Line 34 above)	0	0	0	0	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	1,838,693			1,838,693
1.2 Reinsurance assumed	1,323,969			1,323,969
1.3 Reinsurance ceded	1,838,693			1,838,693
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	1,323,969	0	0	1,323,969
2. Commission and brokerage:				
2.1 Direct, excluding contingent		6,846,033		6,846,033
2.2 Reinsurance assumed, excluding contingent		6,853,439		6,853,439
2.3 Reinsurance ceded, excluding contingent		6,846,033		6,846,033
2.4 Contingent-direct		715,976		715,976
2.5 Contingent-reinsurance assumed		821,191		821,191
2.6 Contingent-reinsurance ceded		715,976		715,976
2.7 Policy and membership fees				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)	0	7,674,629	0	7,674,629
3. Allowances to manager and agents	630	104,324		104,954
4. Advertising	501	92,508		93,008
5. Boards, bureaus and associations	39,958	83,200	219	123,377
6. Surveys and underwriting reports	0	476,835		476,835
7. Audit of assureds' records	0	17,002		17,002
8. Salary and related items:				
8.1 Salaries	2,069,445	2,485,823	36,470	4,591,738
8.2 Payroll taxes	137,868	203,068	4,178	345,115
9. Employee relations and welfare	666,865	912,877	23,007	1,602,748
10. Insurance	28,445	35,688	4,341	68,473
11. Directors' fees	22,206	37,960	647	60,813
12. Travel and travel items	96,106	97,477	1,452	195,035
13. Rent and rent items	107,131	24,192	189,961	321,284
14. Equipment	99,331	155,201		254,531
15. Cost or depreciation of EDP equipment and software	30,513	50,768		81,282
16. Printing and stationery	15,518	44,123	520	60,161
17. Postage, telephone and telegraph, exchange and express	94,821	306,864	7,843	409,528
18. Legal and auditing	14,420	37,214	305	51,940
19. Totals (Lines 3 to 18)	3,423,758	5,165,125	268,943	8,857,825
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$		954,102		954,102
20.2 Insurance department licenses and fees		63,893		63,893
20.3 Gross guaranty association assessments		15,462		15,462
20.4 All other (excluding federal and foreign income and real estate)		14,654		14,654
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	0	1,048,111	0	1,048,111
21. Real estate expenses				0
22. Real estate taxes				0
23. Reimbursements by uninsured plans				0
24. Aggregate write-ins for miscellaneous expenses	480,906	734,225	70,983	1,286,114
25. Total expenses incurred	5,228,633	14,622,090	339,925	(a) 20,190,648
26. Less unpaid expenses-current year	5,021,507	2,907,007	3,864	7,932,377
27. Add unpaid expenses-prior year	4,672,588	2,388,579	3,864	7,065,031
28. Amounts receivable relating to uninsured plans, prior year	0	0	0	0
29. Amounts receivable relating to uninsured plans, current year				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	4,879,715	14,103,662	339,925	19,323,303
DETAILS OF WRITE-INS				
2401. Software Expense.....	191,685	243,469	9,738	444,892
2402. Miscellaneous Expenses.....	126,262	246,345	55,555	428,163
2403. Donations.....	13,221	15,963	340	29,525
2498. Summary of remaining write-ins for Line 24 from overflow page	149,738	228,447	5,349	383,534
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	480,906	734,225	70,983	1,286,114

(a) Includes management fees of \$ 10,143,939 to affiliates and \$ to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a).....186,782	.....191,256
1.1	Bonds exempt from U.S. tax	(a).....997,511	.....1,036,469
1.2	Other bonds (unaffiliated)	(a).....1,788,631	.....1,791,322
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 .....	.....	.....
6.	Cash, cash equivalents and short-term investments	(e).....217	.....217
7.	Derivative instruments	(f).....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....6,731	.....6,731
10.	Total gross investment income	2,979,872	3,025,994
11.	Investment expenses		(g).....339,925
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g).....
13.	Interest expense		(h).....
14.	Depreciation on real estate and other invested assets		(i).....
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total deductions (Lines 11 through 15) .....		.....339,925
17.	Net investment income (Line 10 minus Line 16)		2,686,069
DETAILS OF WRITE-INS			
0901.	Securities Lending Income.....	.....6,733	.....6,733
0902.	Miscellaneous Investment Income.....	.....(1)	.....(1)
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	6,731	6,731
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 \$59,885 accrual of discount less \$490,737 amortization of premium and less \$142,864 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	2	3	4	5
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....			.....0		
1.1	Bonds exempt from U.S. tax .....	.....109,667		.....109,667		
1.2	Other bonds (unaffiliated) .....	.....30,344		.....30,344		
1.3	Bonds of affiliates .....	.....0	.....0	.....0	.....0	.....0
2.1	Preferred stocks (unaffiliated) .....	.....0	.....0	.....0	.....0	.....0
2.11	Preferred stocks of affiliates .....	.....0	.....0	.....0	.....0	.....0
2.2	Common stocks (unaffiliated) .....	.....0	.....0	.....0	.....0	.....0
2.21	Common stocks of affiliates .....	.....0	.....0	.....0	.....0	.....0
3.	Mortgage loans .....	.....0	.....0	.....0	.....0	.....0
4.	Real estate .....	.....0	.....0	.....0		.....0
5.	Contract loans .....			.....0		
6.	Cash, cash equivalents and short-term investments .....			.....0	.....0	.....0
7.	Derivative instruments .....			.....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)	140,011	0	140,011	0	0
DETAILS OF WRITE-INS						
0901.	.....			.....0		
0902.	.....			.....0		
0903.	.....			.....0		
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0	.....0	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans	0	0	0
7. Derivatives (Schedule DB).....	0	0	0
8. Other invested assets (Schedule BA)	0	0	0
9. Receivables for securities	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL).....	0	0	0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	0	0	0
13. Title plants (for Title insurers only).....	0	0	0
14. Investment income due and accrued	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	47,472	56,304	8,832
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	530	(1,350)	(1,880)
15.3 Accrued retrospective premiums.....	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers	0	0	0
16.2 Funds held by or deposited with reinsured companies	0	0	0
16.3 Other amounts receivable under reinsurance contracts	0	0	0
17. Amounts receivable relating to uninsured plans	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
18.2 Net deferred tax asset.....	0	0	0
19. Guaranty funds receivable or on deposit	0	0	0
20. Electronic data processing equipment and software.....	0	0	0
21. Furniture and equipment, including health care delivery assets	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
23. Receivables from parent, subsidiaries and affiliates	0	0	0
24. Health care and other amounts receivable.....	0	0	0
25. Aggregate write-ins for other-than-invested assets	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	48,002	54,954	6,952
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. Total (Lines 26 and 27)	48,002	54,954	6,952
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0
2501.			
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE
GRANGE INDEMNITY INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

A. Accounting Practices

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

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

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

C. Accounting Policy

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

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

In addition, the company uses the following accounting policies:

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

2. ACCOUNTING CHANGES AND CORRECTION OF ERRORS
NONE

3. BUSINESS COMBINATIONS AND GOODWILL
NONE

4. DISCONTINUED OPERATIONS
NONE

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE
GRANGE INDEMNITY INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

5. INVESTMENTS

A. MORTGAGE 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) NONE
- 3) 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.

Aggregate Amount of Unrealized Losses:

1	Less than 12 Months	(108,886)
2	Greater than 12 Months	(44,884)

b.

The aggregate related fair value of securities with unrealized losses:

1	Less than 12 Months	4,399,524
2	Greater than 12 Months	602,864

- 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 with a present value greater than amortized cost were not other-than-temporarily impaired.

E. REPURCHASE AGREEMENTS AND SECURITIES LENDING TRANSACTIONS

1. NONE

2. NONE

3. COLLATERAL RECEIVED

A. Aggregate Amount Cash Collateral Received

1. NONE
2. Securities Lending

	Fair Value
Open	853,938
30 Days or Less	0
31 to 60 Days	0
61 to 90 Days	0
Greater than 90 Days	0
Sub-Total	853,938
Securities Received	0
Total Collateral Received	853,938

i. None

4. NONE

5. COLLATERAL REINVESTMENT

A. Aggregate Amount Cash Collateral Reinvested

1. NONE
2. Securities Lending

	Amortized Cost	Fair Value
Open	853,938	853,947
30 Days or Less	0	0
31 to 60 Days	0	0
61 to 90 Days	0	0
Greater than 90 Days	0	0
Sub-Total	853,938	853,947
Securities Received	0	0
Total Collateral Reinvested	853,938	853,947

3. NONE

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE
GRANGE INDEMNITY INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

- F.

REAL ESTATE
NONE
- G.

LOW INCOME HOUSING TAX CREDITS
NONE
- H.

RESTRICTED ASSETS
NONE

	Gross Restricted							8	Percentage	
	Current Year					6	7		9	10
	1	2	3	4	5					
Restricted Asset Category	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (5 minus 6)	Total Current Year Admitted Restricted	Gross Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which liability is not shown										
b. Collateral held under security lending agreements	853,938				853,938	4,088,245	(3,234,307)	853,938	1.0%	1.0%
c. Subject to repurchase agreements										
d. Subject to reverse repurchase agreements										
e. Subject to dollar repurchase agreements										
f. Subject to dollar reverse repurchase agreements										
g. Placed under option contracts										
h. Letter stock or securities restricted as to sale										
i. On deposit with states	1,722,698				1,722,698	1,750,485	(27,787)	1,722,698	1.9%	1.9%
j. On deposit with other regulatory bodies										
k. Pledged as collateral not captured in other categories										
l. Other restricted assets										
m. Total Restricted Assets	2,576,636				2,576,636	5,838,730	(3,262,094)	2,576,636	2.9%	2.9%

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

NONE
7. INVESTMENT INCOME

NONE EXCLUDED
8. DERIVATIVE INSTRUMENTS

NONE

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE
GRANGE INDEMNITY INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

9. FEDERAL INCOME

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

1.

12/31/2013			
(1)	(2)	(3)	
Ordinary	Capital	(Col 1+2) Total	
(a) Gross Deferred Tax Assets	\$.....1,721,687	\$0	\$ 1,721,687
(b) Statutory Valuation Allowance Adjustments	\$.....0	\$0	\$0
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	\$.....1,721,687	\$0	\$ 1,721,687
(d) Deferred Tax Assets Nonadmitted	\$.....0	\$0	\$0
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	\$.....1,721,687	\$0	\$ 1,721,687
(f) Deferred Tax Liabilities	\$.....111,672	\$0	\$ 111,672
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	\$.....1,610,015	\$0	\$ 1,610,015

12/31/2012			
(4)	(5)	(6)	
Ordinary	Capital	(Col 4+5) Total	
(a) Gross Deferred Tax Assets	\$.....1,701,685	\$0	\$ 1,701,685
(b) Statutory Valuation Allowance Adjustments	\$.....0	\$0	\$0
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	\$.....1,701,685	\$0	\$ 1,701,685
(d) Deferred Tax Assets Nonadmitted	\$.....0	\$0	\$0
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	\$.....1,701,685	\$0	\$ 1,701,685
(f) Deferred Tax Liabilities	\$.....220,181	\$0	\$ 220,181
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	\$.....1,481,504	\$0	\$ 1,481,504

Change			
(7)	(8)	(9)	
(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total	
(a) Gross Deferred Tax Assets	\$.....20,002	\$0	\$ 20,002
(b) Statutory Valuation Allowance Adjustments	\$.....0	\$0	\$0
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	\$.....20,002	\$0	\$ 20,002
(d) Deferred Tax Assets Nonadmitted	\$.....0	\$0	\$0
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	\$.....20,002	\$0	\$ 20,002
(f) Deferred Tax Liabilities	\$.....(108,509)	\$0	\$(108,509)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	\$.....128,511	\$0	\$ 128,511

2.

12/31/2013			
(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.	\$.....990,428	\$0	\$ 990,428
(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)	\$.....655,845	\$0	\$ 655,845
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	\$.....655,845	\$0	\$ 655,845
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	<u>XXX</u>	<u>XXX</u>	\$ 6,479,037
(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.	\$.....75,414	\$0	\$ 75,414
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101.			
Total (2(a) + 2(b) + 2(c))	\$.....1,721,687	\$0	\$ 1,721,687

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NOTES TO FINANCIAL STATEMENTS

12/31/2012		
(4)	(5)	(6)
Ordinary	Capital	(Col 4+5) Total

(a)	Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$.....1,224,270	\$0	\$ 1,224,270
(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)	\$.....391,608	\$0	\$ 391,608
1.	Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	\$.....391,608	\$0	\$ 391,608
2.	Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	\$ 5,880,975
(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.	\$..... 85,807	\$0	\$ 85,807
(d)	Deferred Tax Assets Admitted as the result of application of SSAP No. 101.			
	Total (2(a) + 2(b) + 2(c))	\$.....1,701,685	\$0	\$ 1,701,685

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.	\$.....(233,842)	\$0	\$(233,842)
(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)	\$.....264,237	\$0	\$ 264,237
1.	Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	\$.....264,237	\$0	\$ 264,237
2.	Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	\$ 598,062
(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.	\$.....(10,393)	\$0	\$ (10,393)
(d)	Deferred Tax Assets Admitted as the result of application of SSAP No. 101.			
	Total (2(a) + 2(b) + 2(c))	\$..... 20,002	\$0	\$ 20,002

3.		2013	2012
(a)	Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.	.....1,388.700	..... 1,343.700
(b)	Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above.	\$.....43,733,314	\$ 40,786,493

4.		12/31/2013	
		(1)	(2)
		Ordinary	Capital

Impact of Tax-Planning Strategies

(a)	Determination Of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage.		
1.	Adjusted Gross DTAs Amount From Note 9A1(c)	..... 1,721,687	..... 0
2.	Percentage Of Adjusted Gross DTAs By Tax Character Attributable To The Impact Of Tax Planning Strategies	.....0	..... 0
3.	Net Admitted Adjusted Gross DTAs Amount From Note 9A1(e)	..... 1,721,687	..... 0
4.	Percentage Of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	.....0	..... 0

12/31/2012	
(3)	(4)
Ordinary	Capital

(a)	Determination Of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage.	..... 1,701,685	..... 0
1.	Adjusted Gross DTAs Amount From Note 9A1(c)	.....0	..... 0
2.	Percentage Of Adjusted Gross DTAs By Tax Character Attributable To The Impact Of Tax Planning Strategies	..... 1,701,685	..... 0
3.	Net Admitted Adjusted Gross DTAs Amount From Note 9A1(e)	.....0	..... 0

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE
GRANGE INDEMNITY INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

Change	
(5)	(6)
(Col 1-3) Ordinary	(Col 2-4) Capital

(a)	Determination Of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage.	20,002	0
1.	Adjusted Gross DTAs Amount From Note 9A1(c)	0	0
2.	Percentage Of Adjusted Gross DTAs By Tax Character Attributable To The Impact Of Tax Planning Strategies	20,002	0
3.	Net Admitted Adjusted Gross DTAs Amount From Note 9A1(e)	0	0
(b)	Does the Company's tax-planning strategies include the use of reinsurance?	Yes	No..... X
B.	Temporary differences for which a DTL has not been established:		
	NONE		

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

(1)	(2)	(3)
12/31/2013	12/31/2012	(Col 1-2) Change

1.	Current Income Tax			
(a)	Federal	\$.....1,166,153	\$763,265	\$402,888
(b)	Foreign	\$.....0	\$0	\$0
(c)	Subtotal	\$.....1,166,153	\$763,265	\$402,888
(d)	Federal income tax on net capital gains	\$.....49,004	\$57,694	\$(8,690)
(e)	Utilization of capital loss carry-forwards	\$.....0	\$0	\$0
(f)	Other	\$.....25,715	\$0	\$25,715
(g)	Federal and foreign income taxes incurred	\$.....1,240,872	\$820,959	\$419,913
2.	Deferred Tax Assets:			
(a)	Ordinary			
(1)	Discounting of unpaid losses	\$.....459,638	\$522,681	\$(63,043)
(2)	Unearned premium reserve	\$.....1,245,248	\$1,159,771	\$85,477
(3)	Policyholder reserves	\$.....0	\$0	\$0
(4)	Investments	\$.....0	\$0	\$0
(5)	Deferred acquisition costs	\$.....0	\$0	\$0
(6)	Policyholder dividends accrual	\$.....0	\$0	\$0
(7)	Fixed assets	\$.....0	\$0	\$0
(8)	Compensation and benefits accrual	\$.....0	\$0	\$0
(9)	Pension accrual	\$.....0	\$0	\$0
(10)	Receivables - nonadmitted	\$.....16,801	\$19,233	\$(2,432)
(11)	Net operating loss carry-forward	\$.....0	\$0	\$0
(12)	Tax credit carry-forward	\$.....0	\$0	\$0
(13)	Other (including items <5% of total ordinary tax assets)	\$.....0	\$0	\$0
(99)	Subtotal	\$.....1,721,687	\$1,701,685	\$20,002
(b)	Statutory valuation allowance adjustment	\$.....0	\$0	\$0
(c)	Nonadmitted	\$.....0	\$0	\$0
(d)	Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	\$.....1,721,687	\$1,701,685	\$20,002
(e)	Capital:			
(1)	Investments	\$.....0	\$0	\$0
(2)	Net capital loss carry-forward	\$.....0	\$0	\$0
(3)	Real estate	\$.....0	\$0	\$0
(4)	Other (including items <5% of total capital tax assets)	\$.....0	\$0	\$0
(99)	Subtotal	\$.....0	\$0	\$0
(f)	Statutory valuation allowance adjustment	\$.....0	\$0	\$0
(g)	Nonadmitted	\$.....0	\$0	\$0
(h)	Admitted capital deferred tax assets (2e99 - 2f - 2g)	\$.....0	\$0	\$0
(i)	Admitted deferred tax assets (2d + 2h)	\$.....1,721,687	\$1,701,685	\$20,002
3.	Deferred Tax Liabilities:			
(a)	Ordinary			
(1)	Investments	\$.....96,038	\$152,481	\$(56,443)
(2)	Fixed assets	\$.....0	\$0	\$0
(3)	Deferred and uncollected premium	\$.....0	\$0	\$0
(4)	Policyholder reserves	\$.....15,634	\$67,700	\$(52,066)
(5)	Other (including items<5% of total ordinary tax liabilities)	\$.....0	\$0	\$0
(99)	Subtotal	\$.....111,672	\$220,181	\$(108,509)

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GRANGE INDEMNITY INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

(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)	\$111,672	\$220,181	\$(108,509)
4. Net deferred tax assets/liabilities (2i - 3c)	\$1,610,015	\$1,481,504	\$ 128,511

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

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

	Amount	Tax Effect	Effective Tax Rate
1. Description:			
(a) Income Before Taxes	\$4,052,228	\$1,418,280	35.00%
(b) Tax-Exempt Interest	\$(1,036,477)	\$(362,767)	(8.95%)
(c) Dividends Received Deduction	\$ 0	\$0	0.00%
(d) Proration	\$155,472	\$54,415	1.34%
(e) Meals & Entertainment	\$ 0	\$0	0.00%
(f) Statutory Valuation Allowance	\$ 0	\$0	0.00%
(g) Foreign Taxes	\$ 0	\$0	0.00%
(h) Other, Including Prior Year True-up	\$ 6,952	\$2,433	0.06%
Total	\$3,178,175	\$1,112,361	27.45%
2. Description:			
(a) Federal Income Tax Incurred [Expense/(Benefit)]		\$1,191,868	29.41%
(b) Tax on Capital Gains/(Losses)		\$49,004	1.21%
(c) Change in Net Deferred Income Tax [Charge/(Benefit)]		\$(128,510)	(3.17%)
Total		\$1,112,361	27.45%

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

1. At December 31, 2013, the Company had net operating loss carry forwards of:	\$0
At December 31, 2013, the Company had capital loss carry forwards of:	\$0
At December 31, 2013, the Company had AMT credit carry forwards, which do not expire, in the amount of:	\$0
2. The following is income tax expense for recoupment in the event of future net losses:	
Year	Ordinary Capital Total
2011	\$ 0 \$ 0 \$ 0
2012	\$788,979 \$54,694 \$846,673
2013	\$1,166,153 \$49,004 \$1,215,157
Total	\$1,955,132 \$106,698 \$2,061,830
3. Deposits admitted under IRC S6603:	NONE

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

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

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

A. Relationship with Parent, Subsidiaries and Affiliates	The Company is a 100% owned subsidiary of Grange Mutual Casualty Company (GMCC), an insurance company domiciled in the State of Ohio and a member of the Grange Mutual Casualty Group.
B. Descriptions of transactions with Parent, Subsidiaries and Affiliates	NONE
C. Amounts of transactions with Parent, Subsidiaries and Affiliates	NONE
D. Amounts due from or to related parties	At December 31, 2013, the Company reported \$1.2 million as amounts due from GMCC. The terms of the settlement require that these amounts be settled within 45 days.
E. Guarantees or Contingencies for Related Parties	NONE

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE
GRANGE INDEMNITY INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

- F. Description of material management or service contracts
The Company maintains a service agreement with GMCC, whereby GMCC provides service for the Company and makes available all services necessary to support its 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.
- G. Nature of the control relationship
The Company participates in a pooling reinsurance agreement detailed in Note 26.
- H. Amount Deducted for Investment in Upstream Company
NONE
- I. Investments in Affiliates Greater than 10% of Admitted Assets
NONE
- J. The Company did not recognize any impairment write down for investments in Subsidiary, Controlled or Affiliated Companies during the period.
- K. The Company does not have investments in a foreign insurance subsidiary.
- L. The Company does not have an investment in a downstream noninsurance company.

11. DEBT
NONE

12. RETIREMENT PLANS AND DEFERRED COMPENSATION

All employees are employed by GMCC and participate in the pension and other benefit plans of Grange Mutual. Annual costs are shared via the pooling arrangement.

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

- 1. The Company has 1,000 shares authorized, 1,000 shares issued and 1,000 shares outstanding. All shares are Class A shares.
- 2. The Company has no preferred stock outstanding.
- 3. The Company doesn't pay dividends to its policyholders. Dividends recorded in these financial statements were paid by other companies within the Grange Mutual Casualty Group.
- 4. No dividends were paid by the Company.
- 5. The Company doesn't pay dividends to its policyholders.
- 6. There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
- 7. No advances to surplus were made.
- 8. No amounts of stock were held by the Company.
- 9. No special surplus funds are held.
- 10. The Company has no unrealized gains.
- 11. The Company has no surplus notes.
- 12. There has not been any restatements due to prior quasi-reorganizations
- 13. There has been no quasi-reorganization in the past 10 years.

14. CONTINGENCIES

- A. Contingent Commitments
NONE
- B. Assessments
Guaranty Fund Assessments are recorded by the parent, Grange Mutual Casualty Company.
- C. Gain Contingencies
NONE
- D. Claims Related Extra Contractual Obligations and Bad Faith Losses Stemming from Lawsuits
NONE
- E. Product Warranties
NONE
- F. All Other Contingencies
Various lawsuits against the Company have arisen in the course of the Company's business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company.

15. LEASES
NONE

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

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

- A. NONE
- B. Transfer and Servicing of Financial Assets
 - 1) None
 - 2) The Company participates in a securities lending program with JPMorgan Chase Bank as lending agent. Securities on loan as of December 31, 2013 were fixed income bonds, totaling \$0.9 million. Collateral received from lending activities is maintained in accordance to the securities lending agreement, whereby the collateral requirement shall be an amount equal to 102% of the then current market value of the relevant loaned securities where securities and collateral are denominated in the same currency, and 105% for all other securities. The Company's lending agent, JPMorgan Chase Bank, reinvests the cash collateral according to investment guidelines outlined in the securities lending agreement and is reported on-balance sheet. Collateral received in the form of securities are restricted and off-balance sheet. The Company is not able to sell or reinvest the securities received as collateral and according to the MLSA, the borrower bears all the risk associated with said securities.
- C. NONE

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

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

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE
GRANGE INDEMNITY INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

20. FAIR VALUE MEASUREMENTS

- A. All assets and liabilities of the Company are measured and reported at cost or amortized cost in accordance with footnote 1 above.
- 1. NONE
 - 2. NONE
 - 3. The Company’s policy is to recognize transfers in and out as of the end of the reporting period.
 - 4. As of December 31, 2013, the reported fair value of the Company’s investments categorized within Level 2 and Level 3 of the fair value hierarchy are as follows: According to statutory accounting rules, fixed income securities with a rating of NAIC 1 or 2 are reported at amortized cost. Securities with a rating of NAIC 3 thru 6, or non-investment grade ratings, are measured and reported at the lower of amortized cost or fair value on the statement of financial position. As of December 31, 2013, the Company did not own bonds rated NAIC 3 thru 6 and therefore did not report any securities at fair value.
- C.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Not Practicable (CV)
Bonds	76,964,075	74,280,267	5,839,937	71,124,138	0	0
Common Stock	0	0	0	0	0	0
Perpetual Preferred	0	0	0	0	0	0
Other Invested Asset	0	0	0	0	0	0
Money Market	0	0	0	0	0	0
TOTAL	76,964,075	74,280,267	5,839,937	71,124,138	0	0

- D. Not Practicable to Estimate Fair Value
NONE

21. OTHER ITEMS

- A. Extraordinary Items
NONE
- B. Troubled Debt Restructuring
NONE
- C. Other Disclosures
NONE
- D. Business Interruption Insurance Recoveries
NONE
- E. State Transferable and Non-transferable Tax Credits
NONE
- F. Subprime-Mortgage-Related Risk Exposure
- 1. Management’s 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.
 - 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). The Company did not own securities with collateral that contain subprime characteristics based on low credit (FICO scores less than 620) and/or high LTVs. 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, 2013, management estimates there were no unrealized losses present due to subprime mortgage exposure.

	Actual Cost	Book/Adjusted Carrying Value (excluding interest)	Fair Value	Other Than Temporary Impairment Losses Recognized
a. Residential mortgage-backed securities	0	0	0	0
b. Commercial mortgage-backed securities	0	0	0	0
c. Collateralized debt obligations	0	0	0	0
d. Structured securities	0	0	0	0
e. Equity investment in SCAs *	0	0	0	0
f. Other assets	0	0	0	0
g. Total	0	0	0	0

4. The Company does not write Mortgage Guaranty or Financial Guaranty insurance coverage.

22. EVENTS SUBSEQUENT

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

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE
GRANGE INDEMNITY INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

23. REINSURANCE

- A. UNSECURED REINSURANCE RECOVERABLES
NONE
- B. REINSURANCE RECOVERABLE IN DISPUTE
NONE
- C. REINSURANCE ASSUMED AND CEDED

1.		Assumed Reinsurance		Ceded Reinsurance		Net	
		Premium	Commission	Premium	Commission	Premium	Commission
		Reserve	Equity	Reserve	Equity	Reserve	Equity
a.	Affiliates	17,938,292	3,228,893	26,144,154	4,705,948	(8,205,862)	(1,477,055)
b.	All Other	7,642	1,376	0	0	7,642	1,376
c.	TOTAL	17,945,934	3,230,268	26,144,154	4,705,948	(8,198,220)	(1,475,680)

d. Direct Unearned Premium Reserve 26,136,512

	<u>Direct</u>	<u>Assumed</u>	<u>Ceded</u>	<u>Net</u>
2. Contingent Commission	715,976	821,191	715,976	821,191

- D. UNCOLLECTIBLE REINSURANCE
NONE
- E. COMMUTATION OF CEDED REINSURANCE
NONE
- F. RETROACTIVE REINSURANCE
NONE
- G. REINSURANCE ACCOUNTED FOR AS A DEPOSIT
NONE
- H. DISCLOSURES FOR THE TRANSFER OF PROPERTY AND CASUALTY RUN-OFF AGREEMENTS
NONE
- I. CERTIFIED REINSURER RATING DOWNGRADED OR STATUS SUBJECT TO REVOCATION
NONE

24. RETROSPECTIVELY RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION
NONE

25. CHANGES IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES
Reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years have increased (decreased) by \$(0.893) million from \$32.094 million in 2012 to \$31.201 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	2013	2012
BALANCE JANUARY 1	32,093,716	30,665,999
LESS REINSURANCE RECOVERABLES	11,814,025	10,360,876
NET BALANCE JANUARY 1	20,279,691	20,305,123
INCURRED RELATED TO:		
CURRENT YEAR	30,498,530	30,299,791
PRIOR YEAR	(892,522)	(1,739,479)
TOTAL INCURRED	29,606,008	28,560,312
PAID RELATED TO:		
CURRENT YEAR	18,973,685	19,907,732
PRIOR YEAR	9,086,136	8,678,012
TOTAL PAID	28,059,821	28,585,744
NET BALANCE AT DECEMBER 31	21,825,878	20,279,691
PLUS REINSURANCE RECOVERABLES	14,156,625	11,814,025
BALANCE AT DECEMBER 31	35,982,503	32,093,716

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE
GRANGE INDEMNITY INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

26. INTERCOMPANY POOLING AGREEMENTS

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

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

27. STRUCTURED SETTLEMENTS
NONE

28. HEALTH CARE RECEIVABLES
NONE

29. PARTICIPATING POLICIES
NONE

30. PREMIUM DEFICIENCY RESERVES
A. Liability carried for Premium Deficiency Reserves is zero.
B. Date of the most recent evaluation of this liability was 12/31/2013.
C. Anticipated investment income was not utilized in this calculation.

31. HIGH DEDUCTIBLES
NONE

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

33. ASBESTOS/ENVIRONMENTAL RESERVES
NONE

34. SUBSCRIBER SAVINGS ACCOUNTS
Not applicable

35. MULTIPLE PERIL CROP INSURANCE
NONE

36. FINANCIAL GUARANTY INSURANCE
NONE

37. CATASTROPHIC PLANNING
The Company utilizes a variety of catastrophe mitigation techniques including exposure management, catastrophe modeling, transfer of risk via reinsurance and claims staff preparation. Exposure management includes active management of exposures and loss potentials such as monitoring of changes in insured values, peril avoidance, pricing actions and/or agency realignments. The Company primarily relies on two probabilistic catastrophe models to identify PML and TVaR estimates on an annual basis. A deterministic model augments this effort. The Company has a comprehensive catastrophic reinsurance program in place and we currently purchase coverage well in excess of our 250+ year event outcome. The Company places an emphasis on settlement of claims by Company personnel and these associates receive ongoing training on property claims practices.

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 ☐
- If yes, complete Schedule Y, Parts 1, 1A and 2.
- 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:

.....07/25/2013
- 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	2	3	4	5	6
Affiliate Name	Location (City, State)	FRB	OCC	FDIC	SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
PricewaterhouseCoopers LLP, Columbus, Ohio.....

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]

10.2 If the response to 10.1 is yes, provide information related to this exemption:

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]

10.4 If the response to 10.3 is yes, provide information related to this exemption:

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [] N/A []

10.6 If the response to 10.5 is no or n/a, please explain

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Kenneth Lin, FCAS, MAAA, Officer of the Reporting Entity.....

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]

12.11 Name of real estate holding company

12.12 Number of parcels involved

12.13 Total book/adjusted carrying value

\$.....

12.2 If yes, provide explanation

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []

13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []

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

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

c. Compliance with applicable governmental laws, rules and regulations;

d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

e. Accountability for adherence to the code.

14.11 If the response to 14.1 is no, please explain:

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

14.21 If the response to 14.2 is yes, provide information related to amendment(s)

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

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

GENERAL INTERROGATORIES

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

1	2	3	4
American Bankers Association (ABA) Routing Number	Issuing or Confirming Bank Name	Circumstances That Can Trigger the Letter of Credit	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 \$.....
- 20.12 To stockholders not officers \$.....
- 20.13 Trustees, supreme or grand (Fraternal only) \$.....
- 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 \$.....
- 20.22 To stockholders not officers \$.....
- 20.23 Trustees, supreme or grand (Fraternal only) \$.....
- 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 [X] No []
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:
- \$.....1,242,642

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03)
- Yes [] No [X]
- 24.02 If no, give full and complete information, relating thereto
- On deposit in custodial account.....
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
- See Notes to Financial Statement Number 17.....
- 24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?
- Yes [X] No [] NA []
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs.
- \$.....853,938
- 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 \$.....853,947
- 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$.....853,938
- 24.103 Total payable for securities lending reported on the liability page \$.....853,938

GENERAL INTERROGATORIES

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

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

25.21	Subject to repurchase agreements	\$.....
25.22	Subject to reverse repurchase agreements	\$.....
25.23	Subject to dollar repurchase agreements	\$.....
25.24	Subject to reverse dollar repurchase agreements	\$.....
25.25	Pledged as collateral	\$.....
25.26	Placed under option agreements	\$.....
25.27	Letter stock or securities restricted as to sale	\$.....
25.28	On deposit with state or other regulatory body	\$.....1,722,698
25.29	Other	\$.....

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....
.....
.....
.....
.....

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

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

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.....	74,280,267	76,797,391	2,517,124
30.2 Preferred Stocks.....	0	0	0
30.3 Totals	74,280,267	76,797,391	2,517,124

- 30.4 Describe the sources or methods utilized in determining the fair values:
Fair values obtained primarily from Hub data, otherwise fair values from custodian statements are used.....
- 31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?
- 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?
- 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:
- Yes [X] No []
- Yes [X] No []
- 32.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed?
- 32.2 If no, list exceptions:
- Yes [X] No []

GENERAL INTERROGATORIES

OTHER

- 33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$0
- 33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

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

- 34.1 Amount of payments for legal expenses, if any? \$0
- 34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

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

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

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

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [] No [X]

1.2

If yes, indicate premium earned on U. S. business only

\$.....0

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$.....

1.31

Reason for excluding

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$.....

1.5

Indicate total incurred claims on all Medicare Supplement insurance.

\$.....0

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

\$.....0

1.62

Total incurred claims

\$.....0

1.63

Number of covered lives

.....0

All years prior to most current three years:

1.64

Total premium earned

\$.....0

1.65

Total incurred claims

\$.....0

1.66

Number of covered lives

.....0

1.7

Group policies:

Most current three years:

1.71

Total premium earned

\$.....0

1.72

Total incurred claims

\$.....0

1.73

Number of covered lives

.....0

All years prior to most current three years:

1.74

Total premium earned

\$.....0

1.75

Total incurred claims

\$.....0

1.76

Number of covered lives

.....0

2.

Health Test:

1

Current Year

2

Prior Year

2.1

Premium Numerator

\$.....0

\$.....0

2.2

Premium Denominator

\$.....44,222,225

\$.....41,387,264

2.3

Premium Ratio (2.1/2.2)

.....0.000

.....0.000

2.4

Reserve Numerator

\$.....25,733

\$.....24,829

2.5

Reserve Denominator

\$.....39,764,170

\$.....36,847,842

2.6

Reserve Ratio (2.4/2.5)

.....0.001

.....0.001

3.1

Does the reporting entity issue both participating and non-participating policies?

Yes [] No [X]

3.2

If yes, state the amount of calendar year premiums written on:

3.21

Participating policies

\$.....

3.22

Non-participating policies

\$.....

4.

For Mutual reporting entities and Reciprocal Exchanges only:

4.1

Does the reporting entity issue assessable policies?

Yes [] No [X]

4.2

Does the reporting entity issue non-assessable policies?

Yes [X] No []

4.3

If assessable policies are issued, what is the extent of the contingent liability of the policyholders?

%

4.4

Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.

\$.....

5.

For Reciprocal Exchanges Only:

5.1

Does the exchange appoint local agents?

Yes [] No [X]

5.2

If yes, is the commission paid:

5.21

Out of Attorney's-in-fact compensation

Yes [] No [] N/A [X]

5.22

As a direct expense of the exchange

Yes [] No [] N/A [X]

5.3

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

5.4

Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred?

Yes [] No [X]

5.5

If yes, give full information

16

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

6.1

What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss:
Purchased workers' compensation reinsurance.....

6.2

Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
See Notes to Financial Statement Number 37.....

6.3

What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?.....
See Notes to Financial Statement Number 37.....

6.4

Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?.....

6.5

If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophe loss
.....

7.1

Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?.....

7.2

If yes, indicate the number of reinsurance contracts containing such provisions.....

7.3

If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?.....

8.1

Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured?.....

8.2

If yes, give full information
.....

9.1

Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:

(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;

(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;

(c) Aggregate stop loss reinsurance coverage;

(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;

(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or

(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity.....

9.2

Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:

(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or

(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract.

9.3

If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:

(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;

(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and

(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.

9.4

Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:

(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or

(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?

9.5

If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.

9.6

The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:

(a) The entity does not utilize reinsurance; or,

(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or

(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement.

10.

If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done?

Yes

[X]

No

[]

N/A

[]

16.1

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

11.1

Has the reporting entity guaranteed policies issued by any other entity and now in force:

Yes [] No [X]

11.2

If yes, give full information

12.1

If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.11

Unpaid losses

\$

12.12

Unpaid underwriting expenses (including loss adjustment expenses)

\$

12.2

Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds?

\$

12.3

If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses?

Yes [] No [X] N/A []

12.4

If yes, provide the range of interest rates charged under such notes during the period covered by this statement:

12.41

From

%

12.42

To

%

12.5

Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?

Yes [] No [X]

12.6

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

12.61

Letters of Credit

\$

12.62

Collateral and other funds

\$

13.1

Largest net aggregate amount insured in any one risk (excluding workers' compensation):

\$2,000,000

13.2

Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision?

Yes [] No [X]

13.3

State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount.

1

14.1

Is the company a cedant in a multiple cedant reinsurance contract?

Yes [X] No []

14.2

If yes, please describe the method of allocating and recording reinsurance among the cedants:
See Notes to Financial Statement Number 26. Catastrophe Excess Loss Agreement allocated based on agreed upon percentage of participation

14.3

If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts?

Yes [X] No []

14.4

If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements?

Yes [] No []

14.5

If the answer to 14.4 is no, please explain:

15.1

Has the reporting entity guaranteed any financed premium accounts?

Yes [] No [X]

15.2

If yes, give full information

16.1

Does the reporting entity write any warranty business?

Yes [] No [X]

If yes, disclose the following information for each of the following types of warranty coverage:

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

* Disclose type of coverage:

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

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

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

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE GRANGE INDEMNITY INSURANCE COMPANY

FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e., 17.6.					
	1 2013	2 2012	3 2011	4 2010	5 2009
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	61,782,889	45,626,990	43,389,476	48,937,627	49,141,430
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	28,555,948	22,808,636	21,944,077	24,739,915	27,023,967
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	15,050,192	13,777,724	12,907,591	13,308,855	13,274,581
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	3,884	4,405	4,229	5,524	7,673
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
6. Total (Line 35)	105,392,913	82,217,755	78,245,373	86,991,921	89,447,651
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	18,532,353	17,478,808	17,183,547	18,671,548	18,673,777
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	12,005,937	11,059,385	11,042,335	12,272,829	12,885,875
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	15,050,192	13,777,724	12,907,591	13,308,855	13,274,581
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	3,884	4,405	4,229	5,524	7,673
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
12. Total (Line 35)	45,592,367	42,320,322	41,137,702	44,258,756	44,841,906
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(5,873)	(500,836)	(729,996)	(1,569,898)	(2,150,061)
14. Net investment gain (loss) (Line 11)	2,777,076	2,690,206	2,429,737	2,188,102	2,284,228
15. Total other income (Line 15)	1,361,600	1,234,453	1,308,007	1,733,235	1,439,172
16. Dividends to policyholders (Line 17)	129,577	125,951	122,152	129,426	118,365
17. Federal and foreign income taxes incurred (Line 19)	1,191,868	763,265	659,842	377,127	492,782
18. Net income (Line 20)	2,811,357	2,534,607	2,225,754	1,844,886	962,192
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	88,393,938	84,971,968	79,404,574	77,840,548	74,547,542
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	8,659,208	7,801,868	7,348,967	7,778,239	8,203,664
20.2 Deferred and not yet due (Line 15.2)	14,433	(8,934)	(7,517)	(10,158)	4,293
20.3 Accrued retrospective premiums (Line 15.3)	0	0	0	0	0
21. Total liabilities excluding protected cell business (Page 3, Line 26)	44,660,624	44,185,475	41,092,208	41,686,816	40,121,124
22. Losses (Page 3, Line 1)	16,804,371	15,607,103	15,787,268	16,167,083	15,982,095
23. Loss adjustment expenses (Page 3, Line 3)	5,021,507	4,672,588	4,517,855	4,872,717	4,899,217
24. Unearned premiums (Page 3, Line 9)	17,938,292	16,568,151	15,635,092	16,237,353	16,795,838
25. Capital paid up (Page 3, Lines 30 & 31)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
26. Surplus as regards policyholders (Page 3, Line 37)	43,733,314	40,786,493	38,312,366	36,153,732	34,426,418
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	5,891,779	3,770,266	1,733,034	1,988,488	1,386,115
Risk-Based Capital Analysis					
28. Total adjusted capital	43,733,314	40,786,493	38,312,366	36,153,732	34,426,418
29. Authorized control level risk-based capital	3,304,828	3,039,483	3,028,144	3,268,020	3,440,479
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3)(Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1)	97.7	92.9	95.4	95.1	98.6
31. Stocks (Lines 2.1 & 2.2)	0.0	0.0	0.0	0.0	0.0
32. Mortgage loans on real estate (Lines 3.1 and 3.2)	0.0	0.0	0.0	0.0	0.0
33. Real estate (Lines 4.1, 4.2 & 4.3)	0.0	0.0	0.0	0.0	0.0
34. Cash, cash equivalents and short-term investments (Line 5)	1.2	1.5	0.9	2.1	1.4
35. Contract loans (Line 6)	0.0	0.0	0.0	0.0	0.0
36. Derivatives (Line 7)	0.0	0.0	0.0	0.0	XXX
37. Other invested assets (Line 8)	0.0	0.0	0.0	0.0	0.0
38. Receivables for securities (Line 9)	0.0	0.0	0.0	0.0	0.0
39. Securities lending reinvested collateral assets (Line 10)	1.1	5.5	3.7	2.7	XXX
40. Aggregate write-ins for invested assets (Line 11)	0.0	0.0	0.0	0.0	0.0
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)	0	0	0	0	0
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)	0	0	0	0	0
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	0	0	0	0	0
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)	0	0	0	0	0
46. Affiliated mortgage loans on real estate	0	0	0	0	0
47. All other affiliated	0	0	0	0	0
48. Total of above Lines 42 to 47	0	0	0	0	0
49. Total Investment in parent included in Lines 42 to 47 above		0	0	0	0
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)	0.0	0.0	0.0	0.0	0.0

FIVE-YEAR HISTORICAL DATA

	1	2	3	4	5
	2013	2012	2011	2010	2009
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	0	0	0	0	0
52. Dividends to stockholders (Line 35)	0	0	0	0	0
53. Change in surplus as regards policyholders for the year (Line 38)	2,946,820	2,474,128	2,158,634	1,727,314	1,332,465
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	22,493,271	23,213,582	24,521,292	30,333,730	27,182,900
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	14,599,717	12,920,580	13,952,284	14,267,205	15,563,339
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	7,428,557	8,866,535	8,678,409	9,288,890	8,928,789
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	6,296	7,968	7,396	7,694	9,146
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
59. Total (Line 35)	44,527,841	45,008,665	47,159,381	53,897,519	51,684,174
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	9,335,945	9,086,544	10,029,432	10,938,758	10,521,055
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	6,409,310	6,229,150	6,746,580	6,981,520	7,200,167
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	7,428,557	8,866,535	8,678,409	9,288,890	8,928,789
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	6,296	7,968	7,396	7,694	9,146
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
65. Total (Line 35)	23,180,108	24,190,197	25,461,818	27,216,862	26,659,157
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2)	55.1	58.0	60.1	61.1	61.6
68. Loss expenses incurred (Line 3)	11.8	11.0	10.4	10.6	10.4
69. Other underwriting expenses incurred (Line 4)	33.1	32.2	31.3	31.8	32.9
70. Net underwriting gain (loss) (Line 8)	0.0	(1.2)	(1.7)	(3.5)	(4.9)
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	29.1	28.6	28.5	28.2	29.0
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	66.9	69.0	70.5	71.7	72.0
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)	104.3	103.8	107.4	122.4	130.3
One Year Loss Development (000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	(201)	(1,091)	(1,810)	(1,163)	(569)
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100.0)	(0.5)	(2.8)	(5.0)	(3.4)	(1.7)
Two Year Loss Development (000 omitted)					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12)	(1,044)	(2,079)	(2,060)	(1,165)	(1,824)
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0)	(2.7)	(5.7)	(6.0)	(3.5)	(6.1)

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

Yes [] No []

If no, please explain

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

(\$000 Omitted)												
Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX	57	41	32	6	2	0	10	44	XXX
2. 2004	41,409	1,387	40,022	20,463	292	1,032	7	3,124	1	1,167	24,319	XXX
3. 2005	42,025	1,533	40,492	19,952	200	929	25	3,070	0	1,160	23,727	XXX
4. 2006	43,739	1,813	41,926	22,694	1,027	843	3	3,565	0	1,156	26,072	XXX
5. 2007	45,439	1,549	43,890	25,022	1,017	861	7	3,385	1	1,352	28,242	XXX
6. 2008	44,898	2,076	42,823	28,364	3,214	893	42	3,655	2	1,275	29,654	XXX
7. 2009	46,268	2,334	43,934	26,983	771	754	3	3,659	0	1,383	30,621	XXX
8. 2010	47,097	2,279	44,817	27,059	840	705	1	3,855	0	1,546	30,778	XXX
9. 2011	44,250	2,510	41,740	27,262	3,707	595	16	3,743	1	1,342	27,876	XXX
10. 2012	43,709	2,322	41,387	22,071	1,123	303	5	3,424	1	1,168	24,669	XXX
11. 2013	46,373	2,151	44,222	15,934	237	116	1	3,161	0	722	18,974	XXX
12. Totals	XXX	XXX	XXX	235,862	12,468	7,063	117	34,644	7	12,280	264,977	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13	14	15	16	17	18	19	20					
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Salvage and Subrogation Anticipated	Total Net Losses and Expenses Unpaid	Number of Claims Outstanding Direct and Assumed
1.	1,781	1,647	6	0	1	7	0	0	14	0	0	149	XXX
2.	3,492	3,445	2	0	0	0	13	0	9	0	3	71	XXX
3.	413	347	1	0	0	0	19	0	4	0	6	90	XXX
4.	761	680	4	0	0	0	28	0	5	0	10	118	XXX
5.	2,138	2,039	8	0	0	0	45	0	11	0	16	164	XXX
6.	509	268	13	0	0	0	67	0	25	0	25	346	XXX
7.	1,005	703	51	0	0	0	132	0	30	0	43	516	XXX
8.	2,382	1,527	113	15	0	0	257	0	69	0	69	1,278	XXX
9.	3,671	1,966	393	32	0	0	494	0	156	0	129	2,715	XXX
10.	3,560	1,027	1,224	49	0	0	862	0	285	0	233	4,855	XXX
11.	6,011	311	3,423	101	2	0	1,010	0	1,490	0	633	11,525	XXX
12.	25,723	13,960	5,238	197	4	7	2,926	0	2,099	0	1,167	21,826	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26	27	28	29	30	31	32	33		35	36
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense		Losses Unpaid	Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	140	8
2.	28,134	3,745	24,389	67.9	270.0	60.9	0	0	4.0	49	21
3.	24,390	572	23,817	58.0	37.3	58.8	0	0	4.0	67	23
4.	27,901	1,711	26,190	63.8	94.4	62.5	0	0	4.0	84	34
5.	31,470	3,064	28,406	69.3	197.8	64.7	0	0	4.0	108	56
6.	33,526	3,526	30,000	74.7	169.9	70.1	0	0	4.0	254	92
7.	32,614	1,477	31,137	70.5	63.3	70.9	0	0	4.0	354	162
8.	34,439	2,383	32,056	73.1	104.5	71.5	0	0	4.0	953	325
9.	36,314	5,722	30,592	82.1	228.0	73.3	0	0	4.0	2,065	650
10.	31,729	2,205	29,525	72.6	95.0	71.3	0	0	4.0	3,708	1,148
11.	31,148	649	30,499	67.2	30.2	69.0	0	0	4.0	9,022	2,502
12.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	16,804	5,022

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

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	One Year	Two Year
1. Prior	7,330	7,958	7,667	7,668	7,547	7,507	7,442	7,486	7,515	7,540	25	54
2. 2004	22,587	21,918	21,654	21,426	21,321	21,292	21,262	21,241	21,249	21,258	9	17
3. 2005	XXX	21,935	21,661	21,263	21,018	20,845	20,746	20,763	20,755	20,743	(12)	(20)
4. 2006	XXX	XXX	24,206	23,282	23,023	22,791	22,685	22,640	22,636	22,620	(16)	(20)
5. 2007	XXX	XXX	XXX	25,912	25,561	25,292	25,118	25,032	25,092	25,011	(81)	(21)
6. 2008	XXX	XXX	XXX	XXX	26,597	26,771	26,649	26,286	26,344	26,322	(22)	36
7. 2009	XXX	XXX	XXX	XXX	XXX	28,502	27,935	27,491	27,485	27,448	(37)	(43)
8. 2010	XXX	XXX	XXX	XXX	XXX	XXX	29,357	28,445	28,040	28,133	92	(312)
9. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	27,427	26,605	26,693	88	(734)
10. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	26,063	25,816	(248)	XXX
11. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	25,847	XXX	XXX
12. Totals											(201)	(1,044)

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013		
1. Prior	000	3,522	5,407	6,402	6,888	7,078	7,221	7,280	7,364	7,406	XXX	XXX
2. 2004	13,304	17,580	19,174	20,183	20,655	20,963	21,090	21,142	21,181	21,196	XXX	XXX
3. 2005	XXX	12,814	16,751	18,733	19,854	20,312	20,469	20,587	20,618	20,657	XXX	XXX
4. 2006	XXX	XXX	14,504	19,010	20,864	21,834	22,253	22,436	22,490	22,508	XXX	XXX
5. 2007	XXX	XXX	XXX	16,306	20,921	22,973	24,194	24,516	24,731	24,858	XXX	XXX
6. 2008	XXX	XXX	XXX	XXX	17,207	22,502	24,241	25,282	25,650	26,002	XXX	XXX
7. 2009	XXX	XXX	XXX	XXX	XXX	18,283	23,698	25,443	26,410	26,962	XXX	XXX
8. 2010	XXX	XXX	XXX	XXX	XXX	XXX	18,885	23,827	25,632	26,923	XXX	XXX
9. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	17,826	22,361	24,133	XXX	XXX
10. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	16,987	21,246	XXX	XXX
11. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	15,812	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1 2004	2 2005	3 2006	4 2007	5 2008	6 2009	7 2010	8 2011	9 2012	10 2013
1. Prior	2,766	1,963	449	502	288	180	68	22	14	6
2. 2004	4,960	2,218	617	483	255	134	56	28	18	15
3. 2005	XXX	4,255	1,485	1,021	481	230	92	46	36	20
4. 2006	XXX	XXX	3,637	2,128	1,004	414	174	82	65	32
5. 2007	XXX	XXX	XXX	4,524	2,171	950	391	168	118	53
6. 2008	XXX	XXX	XXX	XXX	4,377	1,995	836	346	198	80
7. 2009	XXX	XXX	XXX	XXX	XXX	4,681	2,100	828	328	183
8. 2010	XXX	XXX	XXX	XXX	XXX	XXX	4,855	1,912	838	354
9. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,388	1,741	855
10. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,333	2,036
11. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,332

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States And Territories									
States, etc.	1	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9
		2	3						
	Active Status	Direct Premiums Written	Direct Premiums Earned	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges Not Included in Premiums	Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
1. Alabama	AL N	0	0	0	0	0	0	0	
2. Alaska	AK N	0	0	0	0	0	0	0	
3. Arizona	AZ N	0	0	0	0	0	0	0	
4. Arkansas	AR N	0	0	0	0	0	0	0	
5. California	CA N	0	0	0	0	0	0	0	
6. Colorado	CO N	0	0	0	0	0	0	0	
7. Connecticut	CT N	0	0	0	0	0	0	0	
8. Delaware	DE N	0	0	0	0	0	0	0	
9. Dist. Columbia	DC N	0	0	0	0	0	0	0	
10. Florida	FL N	0	0	0	0	0	0	0	
11. Georgia	GA L	7,413,260	5,197,831	0	1,864,274	3,568,409	2,804,731	169,441	
12. Hawaii	HI N	0	0	0	0	0	0	0	
13. Idaho	ID N	0	0	0	0	0	0	0	
14. Illinois	IL L	13,314,804	10,592,961	0	3,782,186	7,892,026	7,002,987	122,505	
15. Indiana	IN L	10,486,358	9,945,327	0	5,024,598	5,644,474	4,141,542	377,219	
16. Iowa	IA L	0	0	0	0	0	0	0	
17. Kansas	KS L	0	0	0	0	0	0	0	
18. Kentucky	KY L	5,470,038	4,723,157	0	2,206,725	2,723,055	1,790,382	66,341	
19. Louisiana	LA N	0	0	0	0	0	0	0	
20. Maine	ME N	0	0	0	0	0	0	0	
21. Maryland	MD N	0	0	0	0	0	0	0	
22. Massachusetts	MA N	0	0	0	0	0	0	0	
23. Michigan	MI N	0	0	0	0	0	0	0	
24. Minnesota	MN L	0	0	0	0	0	0	0	
25. Mississippi	MS N	0	0	0	0	0	0	0	
26. Missouri	MO L	0	0	0	0	0	0	0	
27. Montana	MT N	0	0	0	0	0	0	0	
28. Nebraska	NE N	0	0	0	0	0	0	0	
29. Nevada	NV N	0	0	0	0	0	0	0	
30. New Hampshire	NH N	0	0	0	0	0	0	0	
31. New Jersey	NJ N	0	0	0	0	0	0	0	
32. New Mexico	NM N	0	0	0	0	0	0	0	
33. New York	NY N	0	0	0	0	0	0	0	
34. No. Carolina	NC N	0	0	0	0	0	0	0	
35. No. Dakota	ND N	0	0	0	0	0	0	0	
36. Ohio	OH L	11,854,639	10,623,614	0	5,594,539	5,174,011	5,143,474	441,522	
37. Oklahoma	OK N	0	0	0	0	0	0	0	
38. Oregon	OR N	0	0	0	0	0	0	0	
39. Pennsylvania	PA L	5,113,287	3,816,738	0	1,014,510	1,729,613	1,490,816	80,721	
40. Rhode Island	RI N	0	0	0	0	0	0	0	
41. So. Carolina	SC N	0	0	0	0	0	0	0	
42. So. Dakota	SD N	0	0	0	0	0	0	0	
43. Tennessee	TN L	6,129,506	5,125,841	0	1,855,594	2,787,924	1,811,844	117,472	
44. Texas	TX N	0	0	0	0	0	0	0	
45. Utah	UT N	0	0	0	0	0	0	0	
46. Vermont	VT N	0	0	0	0	0	0	0	
47. Virginia	VA N	0	0	0	0	0	0	0	
48. Washington	WA N	0	0	0	0	0	0	0	
49. West Virginia	WV N	0	0	0	0	0	0	0	
50. Wisconsin	WI L	0	0	0	0	0	0	0	
51. Wyoming	WY N	0	0	0	0	0	0	0	
52. American Samoa	AS N	0	0	0	0	0	0	0	
53. Guam	GU N	0	0	0	0	0	0	0	
54. Puerto Rico	PR N	0	0	0	0	0	0	0	
55. U.S. Virgin Islands	VI N	0	0	0	0	0	0	0	
56. Northern Mariana Islands	MP N	0	0	0	0	0	0	0	
57. Canada	CAN N	0	0	0	0	0	0	0	
58. Aggregate other alien	OT XXX	0	0	0	0	0	0	0	0
59. Totals	(a) 12	59,781,894	50,025,468	0	21,342,426	29,519,513	24,185,777	1,375,221	0
DETAILS OF WRITE-INS									
58001.	XXX								
58002.	XXX								
58003.	XXX								
58998. Sum. of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
58999. Totals (Lines 58001 through 58003 + 58998) (Line 58 above)	XXX	0	0	0	0	0	0	0	0

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

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

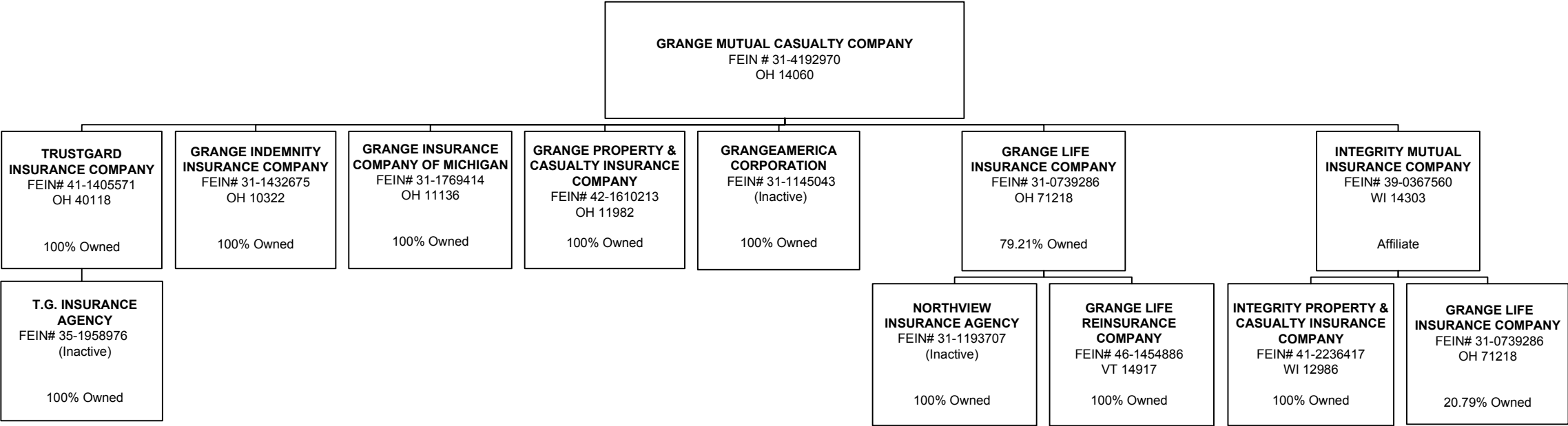
Location of the risk.

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

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

PART 1 – ORGANIZATIONAL CHART

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