

Attaching documents that were either missing or included incorrect information in the original filing.



LIFE AND ACCIDENT AND HEALTH COMPANIES — ASSOCIATION EDITION

ANNUAL STATEMENT  
For the Year Ended December 31, 2014  
OF THE CONDITION AND AFFAIRS OF THE  
GRANGE LIFE INSURANCE COMPANY

NAIC Group Code	00267	(Current Period)	00267	(Prior Period)	NAIC Company Code	71218	Employer's ID Number	31-0739286
Organized under the Laws of	Ohio				State of Domicile or Port of Entry	Ohio		
Country of Domicile	United States							
Incorporated/Organized	03/05/1968				Commenced Business	07/01/1968		
Statutory Home Office	671 South High Street				Columbus, OH, US 43206-1066			
	(Street and Number)				(City or Town, State, Country and Zip Code)			
Main Administrative Office	671 South High Street				Columbus, OH, US 43206-1066		614-445-2900	
	(Street and Number)				(City or Town, State, Country and Zip Code)		(Area Code) (Telephone Number)	
Mail Address	P.O. Box 1218				Columbus, OH, US 43216-1212			
	(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 43206-1066		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	Jeffrey P. Siefker				614-593-4014			
	(Name)				(Area Code) (Telephone Number) (Extension)			
	siefkerj@grangeinsurance.com				614-445-2619			
	(E-Mail Address)				(FAX Number)			

OFFICERS

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

OTHER OFFICERS


DIRECTORS OR TRUSTEES

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

State of .....Ohio.....  
County of .....Franklin.....

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

Michelle Renee Benz EVP & President	John Paul McCaffrey EVP & Treasurer	LaVawn Dee Coleman EVP & Secretary
a. Is this an original filing? Yes [ ] No [ X ]		
b. If no:		
1. State the amendment number 1		
2. Date filed 04/29/2015		
3. Number of pages attached 4		

Subscribed and sworn to before me this \_\_\_\_\_ day of February, 2015

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE GRANGE LIFE INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

1) Summary of Significant Accounting Policies

A. Accounting Practices

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

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and Prescribed and Permitted Practices by the State of Ohio are shown below:

Net Income	State of Domicile	2014	2013
Net Income	OH	3,396,598	2,987,443
State Prescribed Practices	OH	0	0
State Permitted Practices	OH	0	0
Net Income, NAIC SAP		3,396,598	2,987,443

Surplus	State of Domicile	2014	2013
Statutory capital and surplus	OH	56,130,255	51,015,433
State Prescribed Practices	OH	0	0
State Permitted Practices-LOC	OH	0	0
Statutory capital and Surplus, NAIC SAP		56,130,255	51,015,433

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

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

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

C. Accounting Policies

Investments

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

Insurance Revenue and Expense Recognition

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

In addition, the Company uses the following accounting policies:

1. Short-term investments are stated at amortized cost, which approximates fair value.
2. Bonds are stated at amortized cost unless rated at a "6" by the NAIC, in which case bonds are stated at the lower of amortized cost or fair value. Amortization of bond premium or discount is calculated using the scientific interest method, taking into consideration interest and principal provisions over the remaining life of the bond.
3. Common stocks are stated at fair value.
4. The Company has no preferred stocks.
5. The Company has no mortgage loans.
6. Single class and multi-class mortgage-backed/asset-backed securities are stated at amortized cost using the scientific interest method, including anticipated prepayments. The retrospective adjustment method is used to value these securities.
7. The Company carries its wholly owned subsidiaries, Grange Life Reinsurance Company (Grange Life Re) and Northview Insurance Agency, Inc., at the value of its underlying equity.
8. The Company has no ownership interests in joint ventures, partnerships or limited liability companies.
9. The Company has no derivative instruments.
10. The Company does not consider investment income as a factor in the deficiency reserve calculation, in accordance with Statement of Statutory Accounting Principles No. 54, *Individual and Group Accident and Health Contracts*.

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE GRANGE LIFE INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

11. The Company's accident & health liabilities include amounts for long-term disability (LTD). For accident only liabilities, an active life reserve is established for individual policies using an established valuation table and interest rates. For LTD liabilities, a seriatim reserve is established for individual claimants using an established valuation table and interest rates.

The liability recorded for life insurance and accident & health claims includes an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes that the recorded amounts are adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed; any adjustments are reflected in the current period.

12. The Company has not modified its capitalization policy from the prior period.
13. The Company has no pharmaceutical rebate receivables.

2) Accounting Changes and Correction of Errors

- A. Material Changes in Accounting Principles

NONE

- B. Correction of Errors

1. In 2014, the Company engaged a consulting firm to conduct a review of reinsurance activities of the Company with its various reinsurers. As a result, the Company identified adjustments in ceded premiums recoverable and ceded premiums payable of \$2,243,525 and \$269,053, respectively, as of December 31, 2014. One primary issue with reinsurance transactions resulted in overpayments to reinsurers along with a number of other minor issues resulting in both overpayments and underpayments to reinsurers. The net result of these errors was that net income in prior periods (and, as a result, unassigned surplus) had been understated by \$1,663,188. Details of the errors and the financial impact on prior periods is as follows:
- a. During the consulting review of reinsurance activities, the Company identified a primary issue regarding policyholders whom had more than one policy with the Company. In some cases, an initial policy that preceded an additional policy purchased by the same policyholder would subsequently lapse. In cases where the initial policies lapsed and that policy had all or a portion of its coverage limits retained by the Company, the retained amount was often not reapplied to additional policies of the policyholder due to system limitations. As such, the reinsurance ceded on the additional policies was overstated. The net impact of the Company's previously issued financial statements is the premiums and annuity considerations for life and accident and health contracts (Summary of Operations, line 1) was understated by \$1,974,472; furthermore, as this would have been taxable income to the Company, federal income taxes incurred (Summary of Operations, line 32) and net income (Summary of Operations, line 35) were understated during the period by \$671,320 and \$1,303,152, respectively. The following adjustments were recorded in the December 31, 2014 financial results to reflect this error: a) on line 25.03 of Assets, an increase in net admitted assets of \$1,634,350 was recorded to account for the net overpayments of reinsurance ceded (net of \$340,122 non admitted attributable to an estimated allowance for uncollectible amounts); b) on line 1 of the Summary of Operations page, an increase in premiums and annuity considerations for life and accident and health contracts of \$311,284 was recorded to reflect net decreases in ceded premiums that were earned in 2014; c) on line 53 of the Summary of Operations page, an increase in the aggregate write-ins for gains and losses in surplus of \$1,663,188 was recorded to reflect the net decrease in ceded premiums owed to the Company that were earned prior to 2014; and d) on line 35 of the Liabilities, Surplus and Other Funds Page, \$1,663,188 was recorded to increase unassigned funds (surplus).

The Company is in the process of evaluating the internal control implications for enhancements.

3) Business Combinations and Goodwill

NONE

4) Discontinued Operations

NONE

5) Investments

- A. Mortgage Loans, including Mezzanine Real Estate Loans

NONE

- B. Debt Restructuring

NONE

- C. Reverse Mortgages

NONE

- D. Loan-Backed Securities

1. Prepayment assumptions for single class and multi-class mortgage-backed/asset-backed securities were obtained from Hub Data and Bloomberg. These assumptions are consistent with the current interest rate and economic environment.
2. All securities during 2014 with a recognized other-than-temporary impairment, disclosed in the aggregate, classified on the basis for the other-than-temporary impairment: NONE
3. Securities with a recognized other-than-temporary impairment currently held by the Company, where the present value of cash flows expected to be collected is less than the amortized cost basis of securities: NONE

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NOTES TO FINANCIAL STATEMENTS

4. All impaired securities (fair value is less than cost or amortized cost) for which another-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):
- a. The aggregate amount of unrealized loss:
- |                        |              |
|------------------------|--------------|
| 1. Less than 12 Months | \$ (100,835) |
| 2. 12 Months or Longer | \$ (607,993) |
- b. The aggregate related fair value of securities with unrealized losses:
- |                        |               |
|------------------------|---------------|
| 1. Less than 12 Months | \$ 10,862,170 |
| 2. 12 Months or Longer | \$ 24,814,547 |
5. According to SSAP 43R, the best estimate of future cash flows using the appropriate discount rate was calculated for each affected security, with other-than-temporary impairments realized to the extent that present value was less than amortized cost. Securities held with an intent to sell were other-than-temporarily impaired to current fair value. Securities with a present value greater than amortized cost were not other-than-temporarily impaired.

E. Repurchase Agreements and/or Securities Lending Transactions

1. Collateral from lending activities: According to the securities lending agreement, the collateral requirement shall be an amount equal to 102% of the then current market value of the relevant loaned securities where securities and collateral are denominated in the same currency, and 105% for all other securities.
2. As of December 31, 2014, the Company has not pledged any of its assets as collateral.
3. Collateral Received
- a. Aggregate Amount of Cash Collateral Received
1. Repurchase Agreements
- NONE
2. Securities Lending
- |                              |                   |
|------------------------------|-------------------|
|                              | (1)               |
|                              | <u>Fair Value</u> |
| a. Open                      | \$7,723,467       |
| b. 30 Days or Less           | 0                 |
| c. 31 to 60 Days             | 0                 |
| d. 61 to 90 Days             | 0                 |
| e. Greater Than 90 Days      | 0                 |
| f. Subtotal                  | \$7,723,467       |
| g. Securities Received       | 0                 |
| h. Total Collateral Received | \$7,723,467       |
3. Dollar Repurchase Agreement
- NONE
- b. The aggregate fair value of all securities acquired from the sale, trade or use of the accepted collateral (reinvested collateral): \$7,723,467.
- c. The Company receives primarily cash collateral in an amount in excess of the fair value of the securities lent. The Company's lending agent, JPMorgan Chase Bank, reinvests the cash collateral according to investment guidelines outlined in the securities lending agreement. Under current conditions, the Company has \$275,214,781 of par value bonds (fair value of \$298,006,221) that are currently tradable securities that could be sold and used to pay for the \$7,723,467 in collateral calls that could come due under a worst-case scenario.

4. Securities Lending Transactions Administered by an Affiliated Agent

NONE

5. Collateral Reinvestment

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

1. Repurchase Agreements

NONE

2. Securities Lending

	(1)	(2)
	<u>Amortized Cost</u>	<u>Fair Value</u>
a. Open	\$7,723,467	\$7,723,454
b. 30 Days or Less	0	0
c. 31 to 60 Days	0	0
d. 61 to 90 Days	0	0
e. 90 to 120 Days	0	0
f. 121 to 180 Days	0	0
g. 181 to 365 Days	0	0
h. 1 to 2 Years	0	0
i. 2 to 3 Years	0	0
j. Greater Than 3 Years	0	0
k. Sub-Total	\$7,723,467	\$7,723,454
l. Securities Received	0	0
m. Total Collateral Reinvested	\$7,723,467	\$7,723,454

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NOTES TO FINANCIAL STATEMENTS

3. Dollar Repurchase Agreement

NONE

- b. The Company’s sources of cash that it uses to return cash collateral is dependent upon the liquidity of the current market conditions. Under current conditions, the Company has \$275,214,781 of par value bonds (fair value of \$298,006,221) that are currently tradable securities that could be sold and used to pay for the \$7,723,454 in collateral calls that could come due under a worst-case scenario.

F. Real Estate

NONE

G. Low-income housing tax credits (LHITC)

NONE

H. Restricted Assets

1. Restricted Assets (Including Pledged)

	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	\$7,723,467	\$0.00	\$0.00	\$0.00	\$7,723,467	\$7,522,717	\$200,750	\$7,723,467	2.1%	2.1%
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	\$2,562,246	\$0.00	\$0.00	\$0.00	\$2,562,246	\$2,536,492	\$25,754	\$2,562,246	.7%	.7%
j. On deposit with other regulatory bodies										
k. Pledged as collateral not captured in other categories										
l. Other restricted assets										
m. Total Restricted Assets	\$10,285,713	\$0.00	\$0.00	\$0.00	\$10,285,713	\$10,059,209	\$226,504	\$10,285,713	2.8%	2.8%

(a) Subset of column 1  
(b) Subset of column 3

2. Through 8.

NONE

I. Working Capital Finance Investments

NONE

J. Offsetting and Netting of Assets and Liabilities

NONE

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE GRANGE LIFE INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

K. Structured Notes

Structured notes as defined per the Purposes and Procedures Manual of the NAIC Investment Analysis Office at December 31, 2014:

Cusip Identification	Actual Cost	Fair Value	Book/Adj Carrying Value	Mtg-Ref Security (YES/NO)
313381E35	946,280	970,000	953,974	No
3133825H2	979,688	992,610	981,590	No
3136G0LA7	569,250	592,422	577,831	No
3136G0SW2	572,938	602,006	580,715	No
3136G0VL2	997,370	1,003,990	1,001,922	No
3136G0VR9	995,000	997,500	995,049	No
3136G0WE7	938,560	965,340	945,580	No
3136G0XT3	1,620,321	1,648,031	1,630,799	No
3136G15V7	893,750	956,370	906,577	No
3136G1AF6	965,500	987,280	973,306	No
3136G1JP5	1,000,000	996,480	1,000,000	No
3136G1P29	1,999,000	1,997,560	1,999,062	No
3136G24N4	500,000	500,940	500,000	No
45905UKF0	945,930	973,130	952,998	No
89236TBK0	739,875	746,910	742,439	No
Total	14,663,461	14,930,569	14,741,842	

6) Joint Ventures, Partnerships and Limited Liability Companies

- A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies.
- B. NONE

7) Investment Income

- A. Investment income due and accrued on bonds in default is excluded (non-admitted) from surplus.
- B. The total amount excluded at December 31, 2014 and 2013 was \$0 and \$0, respectively.

8) Derivative Instruments

NONE

9) Income Taxes

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

1.

12/31/2014		
(1)	(2)	(3)
Ordinary	Capital	(Col 1+2) Total

(a) Gross Deferred Tax Assets	\$.....7,839,904	\$ .....41,370	\$ ..... 7,881,274
(b) Statutory Valuation Allowance Adjustments	\$..... 0	\$ .....0	\$ ..... 0
(c) Adjusted Gross Deferred Tax Assets			
(1a - 1b)	\$.....7,839,904	\$ .....41,370	\$ ..... 7,881,274
(d) Deferred Tax Assets Nonadmitted	\$.....2,661,094	\$ .....0	\$ ..... 2,661,094
(e) Subtotal Net Admitted Deferred Tax Asset			
(1c -1d )	\$.....5,178,810	\$ .....41,370	\$ ..... 5,220,180
(f) Deferred Tax Liabilities	\$.....998,023	\$ .....0	\$ ..... 998,023
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability)			
(1e - 1f)	\$.....4,180,787	\$ .....41,370	\$ ..... 4,222,157

12/31/2013		
(4)	(5)	(6)
Ordinary	Capital	(Col 4+5) Total

(a) Gross Deferred Tax Assets	\$.....7,046,223	\$ .....16,924	\$ ..... 7,063,147
(b) Statutory Valuation Allowance Adjustments	\$..... 0	\$ .....0	\$ ..... 0
(c) Adjusted Gross Deferred Tax Assets			
(1a - 1b)	\$.....7,046,223	\$ .....16,924	\$ ..... 7,063,147
(d) Deferred Tax Assets Nonadmitted	\$.....2,680,352	\$ .....0	\$ ..... 2,680,352
(e) Subtotal Net Admitted Deferred Tax Asset			
(1c -1d )	\$.....4,365,871	\$ .....16,924	\$ ..... 4,382,795
(f) Deferred Tax Liabilities	\$.....245,719	\$ .....0	\$ ..... 245,719
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability)			
(1e - 1f)	\$.....4,120,152	\$ .....16,924	\$ ..... 4,137,076

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

(a) Gross Deferred Tax Assets	\$.....793,681	\$ .....24,446	\$ ..... 818,127
(b) Statutory Valuation Allowance Adjustments	\$..... 0	\$ .....0	\$ ..... 0
(c) Adjusted Gross Deferred Tax Assets			
(1a - 1b)	\$.....793,681	\$ .....24,446	\$ ..... 818,127
(d) Deferred Tax Assets Nonadmitted	\$.....(19,258)	\$ .....0	\$ .....(19,258)
(e) Subtotal Net Admitted Deferred Tax Asset			
(1c -1d )	\$.....812,939	\$ .....24,446	\$ ..... 837,385
(f) Deferred Tax Liabilities	\$.....752,304	\$ .....0	\$ ..... 752,304
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability)			
(1e - 1f)	\$..... 60,635	\$ .....24,446	\$ ..... 85,081

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE GRANGE LIFE INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

2.

12/31/2014		
(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.	\$.....3,434,178	\$ .....41,370	\$ ..... 3,475,548
(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)	\$.....746,609	\$ .....0	\$ ..... 746,609
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	\$.....746,609	\$ .....0	\$ ..... 746,609
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	\$ ..... 7,629,592
(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.	\$.....998,023	\$ .....0	\$ ..... 998,023
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101.			
Total (2(a) + 2(b) + 2(c))	\$.....5,178,810	\$ .....41,370	\$ ..... 5,220,180

12/31/2013		
(4)	(5)	(6)
Ordinary	Capital	(Col 4+5) Total

(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$.....3,200,592	\$ .....0	\$ ..... 3,200,592
(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)	\$.....919,560	\$ .....16,924	\$ ..... 936,484
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	\$.....919,560	\$ .....16,924	\$ ..... 936,484
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	\$ ..... 6,884,682
(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.	\$.....245,719	\$ .....0	\$ ..... 245,719
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101.			
Total (2(a) + 2(b) + 2(c))	\$..... 4,365,871	\$ .....16,924	\$ ..... 4,382,795

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.	\$.....233,586	\$ .....41,370	\$ ..... 274,956
(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)	\$..... (172,951)	\$ ..... (16,924)	\$ .....(189,875)
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	\$..... (172,951)	\$ ..... (16,924)	\$ .....(189,875)
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	\$ ..... 744,910
(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.	\$.....752,304	\$ .....0	\$ ..... 752,304
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101.			
Total (2(a) + 2(b) + 2(c))	\$.....812,939	\$ .....24,446	\$ ..... 837,385

3.

2014	2013
------	------

(a) Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.	..... 917.4%	.....935.2%
(b) Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above.	\$.....54,538,215	\$ .....49,431,937



ANNUAL STATEMENT FOR THE YEAR 2014 OF THE GRANGE LIFE INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

4.

Impact of Tax Planning Strategies

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

12/31/2013		
(4)	(5)	(6)
Ordinary Percent	Capital Percent	(Col 1+2) Total Percent

(a)	Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	0.0	0.2	0.2
(b)	Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	0.0	0.4	0.4

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

(a)	Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	0.0	(0.2)	(0.2)
(b)	Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	0.0	(0.4)	(0.4)
(c)	Does the Company's tax-planning strategies include the use of reinsurance?	Yes	No	X

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

(1)	(2)	(3)
12/31/2014	12/31/2013	(Col 1-2) Change

1. Current Income Tax

(a)	Federal	\$ 724,302	\$ 1,182,203	\$ (457,901)
(b)	Foreign	\$ 0	\$ 0	\$ 0
(c)	Subtotal	\$ 724,302	\$ 1,182,203	\$ (457,901)
(d)	Federal income tax on net capital gains	\$ 100,750	\$ 0	\$ 100,750
(e)	Utilization of capital loss carry-forwards	\$ 0	\$ 0	\$ 0
(f)	Other	\$ 78,397	\$ (61,101)	\$ 139,498
(g)	Federal and foreign income taxes incurred	\$ 903,449	\$ 1,121,102	\$ (217,653)

2. Deferred Tax Assets:

(a) Ordinary

(1)	Discounting of unpaid losses	\$ 0	\$ 0	\$ 0
(2)	Unearned premium reserve	\$ 0	\$ 0	\$ 0
(3)	Policyholder reserves	\$ 3,461,303	\$ 3,065,465	\$ 395,838
(4)	Investments	\$ 0	\$ 0	\$ 0
(5)	Deferred acquisition costs	\$ 2,915,689	\$ 2,689,776	\$ 225,913
(6)	Policyholder dividends accrual	\$ 19,002	\$ 18,674	\$ 328
(7)	Fixed assets	\$ 0	\$ 0	\$ 0
(8)	Compensation and benefits accrual	\$ 0	\$ 0	\$ 0
(9)	Pension accrual	\$ 0	\$ 0	\$ 0
(10)	Receivables - nonadmitted	\$ 822,513	\$ 805,365	\$ 17,148
(11)	Net operating loss carry-forward	\$ 0	\$ 0	\$ 0
(12)	Tax credit carry-forward	\$ 21,098	\$ 21,098	\$ 0
(13)	Other (including items <5% of total ordinary tax assets)	\$ 600,300	\$ 445,845	\$ 154,455
(99)	Subtotal	\$ 7,839,905	\$ 7,046,223	\$ 793,682

(b)	Statutory valuation allowance adjustment	\$ 0	\$ 0	\$ 0
(c)	Nonadmitted	\$ 2,661,094	\$ 2,680,352	\$ (19,258)

(d)	Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	\$ 5,178,811	\$ 4,365,871	\$ 812,940
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(e)	Capital:			
(1)	Investments	\$ 41,370	\$ 0	\$ 41,370
(2)	Net capital loss carry-forward	\$ 0	\$ 16,924	\$ (16,924)
(3)	Real estate	\$ 0	\$ 0	\$ 0
(4)	Other (including items <5% of total capital tax assets)	\$ 0	\$ 0	\$ 0
(99)	Subtotal	\$ 41,370	\$ 16,924	\$ 24,446

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

(h)	Admitted capital deferred tax assets (2e99 - 2f - 2g)	\$ 41,370	\$ 16,924	\$ 24,446
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(i)	Admitted deferred tax assets (2d + 2h)	\$ 5,220,181	\$ 4,382,795	\$ 837,386
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ANNUAL STATEMENT FOR THE YEAR 2014 OF THE GRANGE LIFE INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

3. Deferred Tax Liabilities:

(a) Ordinary

(1) Investments	\$.....253,061	\$.....211,251	\$.....41,810
(2) Fixed assets	\$.....73,396	\$.....34,468	\$.....38,928
(3) Deferred and uncollected premium	\$.....0	\$.....0	\$.....0
(4) Policyholder reserves	\$.....0	\$.....0	\$.....0
(5) Other (including items<5% of total ordinary tax liabilities)	\$.....671,567	\$.....0	\$.....671,567
(99) Subtotal	\$.....998,024	\$.....245,719	\$.....752,305

(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)	\$.....998,024	\$.....245,719	\$.....752,305
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4. Net deferred tax assets/liabilities (2i - 3c)	\$.....4,222,157	\$.....4,137,076	\$.....85,081
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D. Reconciliation of federal income tax rate to actual effective rate:

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

Amount	Tax Effect	Effective Tax Rate
--------	------------	--------------------

1. Description:

(a) Income Before Taxes	\$.....4,679,156	\$.....1,590,913	.....34.00%
(b) Reinsurance income from in-force block	\$.....(174,004)	\$.....(59,161)	.....-1.26%
(c) Dividends Received Deduction	\$.....(1,400,000)	\$.....(476,000)	.....-10.17%
(d) Proration	\$.....0	\$.....0	.....0.00%
(e) Meals & Entertainment	\$.....45,945	\$.....15,621	.....0.33%
(f) Statutory Valuation Allowance	\$.....0	\$.....0	.....0.00%
(g) Amortization of IMR	\$.....(649,762)	\$.....(220,919)	.....-4.72%
(h) Small company life deduction	\$.....(1,640,006)	\$.....(557,602)	.....-11.92%
Other, Including Prior Year True-Up	\$.....1,602,276	\$.....544,774	.....11.64%
Total	\$.....2,463,605	\$.....837,626	.....17.90%

2. Description:

(a) Federal Income Tax Incurred [Expense/(Benefit)]	\$.....802,699
(b) Tax on Capital Gains/(Losses)	\$.....100,750
(c) Change in Net Deferred Income Tax [Charge/(Benefit)]	\$.....(65,823)
Total	\$.....837,626

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

1. At December 31, 2014, the Company had net operating loss carry forwards of:	\$.....0
At December 31, 2014, the Company had capital loss carry forwards of:	\$.....0
At December 31, 2014, the Company had AMT credit carry forwards, which do not expire, in the amount of:	\$.....21,098

2. The following is income tax expense for 2012, 2013, and 2014 that is available for recoupment in the event of future net losses:

Year	Ordinary	Capital	Total
2012	\$.....1,891,439	\$.....0	\$.....1,891,439
2013	\$.....1,276,776	\$.....0	\$.....1,276,766
2014	\$.....825,052	\$.....100,750	\$.....925,802
Total	\$.....3,993,267	\$.....100,750	\$.....4,094,017

3. Deposits admitted under IRC S6603:  
NONE

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

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

G. Income tax loss contingencies:

NONE

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE GRANGE LIFE INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

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

A, B, & C. All employees of the parent company, Grange Mutual Casualty Company (Grange Mutual), are covered by a participating group life insurance policy issued by the Company. Premiums received from Grange Mutual amounted to \$2,010,430 and \$1,905,331 in 2014 and 2013, respectively. Dividends of \$1,630 and \$283,200 were paid to Grange Mutual in 2014 and 2013, respectively.

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

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

The Company recorded the following transactions with Grange Life Re as of December 31, related to the reinsurance agreement:

Transactions	2014	2013
Ceded Premiums	13,924,012	10,319,964
Ceded Losses	2,214,589	1,504,377
Ceded Reserves	15,442,887	9,858,765
Ceding Allowances	10,156,632	8,876,204

The Company identified Grange Life Re as an unauthorized affiliate U.S. Captive reinsurer on Schedule S, collateralized with a syndicated letter of credit and funds-withheld. As of December 31, 2014 and 2013, the letter of credit totaled \$39,250,000 and \$24,500,000, respectively and funds withheld amounts of \$613,700 and \$0, respectively.

In 2013, the Company recorded aggregate write-ins for deductions and gains in surplus related to the deferred gain of \$2,963,848, net of tax, on in-force business ceded to Grange Life Re. The Company recognized \$174,004 of the deferred income in 2014 through Expense Allowances on Ceded Commission with \$2,789,844 remaining deferred in Surplus to be recognized in future periods when earned.

D. The Company reported amounts due to the parent company, Grange Mutual, of \$11,788,671 and \$13,103,183 at December 31, 2014 and 2013, respectively. All amounts due to the parent company were settled within 30 days.

As of December 31, 2014 the Company reported amounts due to Grange Life Re of \$1,364,413 for tax sharing obligations that will be paid upon receipt of funds from the Internal Revenue Service and \$671,905 due from Grange Life Re for the settlement of intercompany general expenses and reinsurance related to funds withheld, which were settled within 60 days. As of December 31, 2013, the Company had \$431,746 due from affiliates and \$13,103,187 payable to affiliates. The receivable represents amounts due from GLIC associated with a tax sharing agreement. The payable represents the settlement of the Funds withheld balance as of December 31, 2013. This amount was settled within 60 days.

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

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

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

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

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

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

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

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

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

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

**ANNUAL STATEMENT FOR THE YEAR 2014 OF THE GRANGE LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS**

**11) Debt**

NONE

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

A. Defined Benefit Plan

NONE

B. Defined Contribution Plans

NONE

C. Multi-employer Plans

NONE

D. Consolidated/Holding Company Plans

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

Expenses incurred related to these plans that are attributable to employees providing services to the Company are allocated to the Company and reimbursed to the parent company through a management fee (see note 10F). The Company's allocated share of the net periodic pension benefit cost was \$250,250 and \$393,986 in 2014 and 2013, respectively. The Company's allocated share of the net periodic postretirement benefit cost was \$111,711 and \$215,230 in 2014 and 2013, respectively. The Company's allocated share of the 401k matching contribution cost was \$145,841 and \$127,929 in 2014 and 2013, respectively.

E. Postemployment Benefits and Compensated Absences

The Company accrued \$215,000 and \$205,000 for compensated absences at December 31, 2014 and 2013, respectively.

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

NONE

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

- 1) The Company has 101,000 shares of its capital stock authorized, with 101,000 shares issued and outstanding at December 31, 2014. The par value per share is \$18.75.
- 2) The Company has no preferred stock outstanding.
- 3) Ohio law limits the Company's payment of dividends to the parent company, Grange Mutual. The maximum dividend that may be paid by an Ohio domiciled insurance company to its shareholders in any year without the prior approval of the Director of the Department is limited to the greater of the net income of the preceding calendar year or 10% of capital and surplus as of the preceding December 31. Capital and surplus at December 31, 2014 was \$56,130,255. Therefore, the maximum dividend payments that can be made in 2014, without obtaining prior approval, are \$5,613,026.
- 4) No ordinary dividends were paid by the Company.
- 5) Within the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- 6) There were no restrictions placed on the Company's surplus, including for whom the surplus is being held. Unassigned surplus held for the benefit of policyholders was \$47,205,255 and \$42,090,433 at December 31, 2014 and 2013, respectively.
- 7) No advances to surplus were made.
- 8) No amounts of stock were held by the Company, including stock of affiliated companies, for special purposes.
- 9) No special surplus funds were maintained.
- 10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses are \$1,573,527.
- 11) The Company did not hold any surplus debentures or similar obligations.
- 12) The Company did not have any restatement due to prior quasi-reorganizations.
- 13) There are no effective dates for quasi-reorganizations in the prior 10 years.

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE GRANGE LIFE INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

14) Liabilities, Contingencies and Assessments

A. Contingent Commitments

NONE

B. Assessments

1) The Company may be subjected to mandatory assessments from state guarantee funds to cover losses of policyholders of insolvent or rehabilitated insurance companies. Based on data published in the fourth quarter of 2014 by the National Organization of Life & Health Insurance Guaranty Associations, the Company has recorded a liability of \$636,785 and \$636,071 as of December 31, 2014 and 2013, respectively, in anticipation of future mandatory assessments from state guarantee funds in states in which the Company writes business.

2)

a.	Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end.....	\$	..... 16,930
b.	Decreases current year: Premium credit applied or non-admitted .....	\$	..... 16,930
c.	Increases current year: Premium tax offset applied.....	\$	.....2,765
d.	Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	\$	..... 2,765

C. Gain Contingencies

NONE

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

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

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

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

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

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

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

E. All Other Contingencies

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

15) Leases

The Company has no lease obligations.

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

NONE

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

A. Transfers of Receivables Reported as Sales

NONE

B. Transfer and Servicing of Financial Assets

The Company participates in a securities lending program with JPMorgan Chase Bank as lending agent. Securities on loan as of December 31, 2014 were fixed income bonds, totaling \$7,571,624. 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.

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE GRANGE LIFE INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

C. Wash Sales

NONE

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

NONE

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

NONE

20) ) Fair Value Measurements

A.

1. Fair Value Measurements as of December 31, 2014:

Description	Level 1	Level 2	Level 3	Total
a. ASSETS AT FAIR VALUE				
Perpetual Preferred Stock				
Industrial & Misc	0	0	0	0
Parent, Subs, & Affiliates	0	0	0	0
Total Perpetual Preferred Stock	0	0	0	0
Bonds				
US Governments	0	0	0	0
US States, Territories, & Possessions	0	0	0	0
US Political Subdivisions	0	0	0	0
US Special Rev & Assessment	0	0	0	0
Industrial & Misc	0	0	0	0
Parent, Subs, & Affiliates	0	0	0	0
Total Bonds	0	0	0	0
Common Stock				
Industrial & Misc	0	0	0	0
Parent, Subs, & Affiliates	0	0	\$ 6,725,681	\$ 6,725,681
Total Common Stock	0	0	\$ 6,725,681	\$ 6,725,681
Other Invested Assets	0	0	0	0
Total Other Invested	0	0	0	0
TOTAL ASSETS AT FAIR VALUE	0	0	\$ 6,725,681	\$ 6,725,681
b. LIABILITIES AT FAIR VALUE				
Derivative liabilities	0	0	0	0
Total Derivative Liabilities	0	0	0	0
TOTAL LIABILITIES AT FAIR VALUE	0	0	0	0

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

	Balance at 01/01/2014	Transfers in to Level 3	Transfers out Level 3	Total G/(L) included in Net Income	Total G/(L) included in Surplus	Purchases	Issuances	Sales	Settlements	Balance at 12/31/2014
Bonds	0	0	0	0	0	0	0	0	0	0
Common Stock	\$ 6,454,754	0	0	0	\$ 270,927	0	0	0	0	\$ 6,725,681
Other Invested Assets	0	0	0	0	0	0	0	0	0	0
	\$ 6,454,754	0	0	0	\$ 270,927	0	0	0	0	\$ 6,725,681

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

4. As of December 31, 2014, the reported fair value of the entity's investments categorized within Level 2 and Level 3 of the fair value hierarchy are as follows:

**Bonds** - According to statutory accounting rules, fixed income securities with a rating of NAIC 1 thru 5 are reported at amortized cost. Securities with a rating of NAIC of 6 are measured and reported at the lower of amortized cost or fair value on the statement of financial position. As of December 31, 2014, the Company did not have any bonds rated NAIC-6 and therefore did not report any securities at fair value.

**Parents, Subsidiaries, and Affiliates** - The Company's investment in one subsidiary is measured and reported at fair value at December 31, 2014 totaling \$6,725,681. Fair value measurement is determined by the individual entity's surplus at the end of a period, or the amount by which assets exceed liabilities. The subsidiary is in the insurance industry, whereby its assets are largely comprised of fixed income securities carried at amortized cost and its liabilities represent reserves for underwriting losses. Some inputs to the valuation methodology are unobservable and significant to the fair value measurement, and result in disclosure at Level 3.

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

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

C. Fair values for these types of financial instruments:

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	\$ .298,006,221	\$ .283,577,555	\$ ...19,377,771	\$ ..278,628,450	\$ .....	\$ .....
Common Stock	\$ ..... 6,726,462	\$ .....6,725,681	\$ .....	\$ .....	\$ ..... 6,725,681	\$ ..... 781
Money Market	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE GRANGE LIFE INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

D. Not Practicable to Estimate Fair Value

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

21) ) Other Items

A. Extraordinary items

NONE

B. Troubled Debt Restructuring: Debtors

NONE

C. Other Disclosures and Unusual Items

NONE

D. Business Interruption and Insurance Recoveries

NONE

E. State Transferable and Non-Transferable Tax Credits

NONE

F. Subprime Mortgage Related Risk Exposure

1. Management Definition of Exposure to Subprime Mortgage Related Risk:

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

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

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

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

Management considers the Company’s holdings in securities with underlying subprime exposure to be minimal. The majority of residential mortgage backed securities (RMBS) in the portfolio are issued by government-sponsored enterprises (GSEs). Securities with collateral that contain subprime characteristics based on low credit (FICO scores less than 620) and/or high LTVs represent less than 1% of the Company’s invested assets. In addition, these securities were issued prior to 2003. The Company’s bond portfolio does not include any positions in collateralized debt obligations (CDOs) on a direct basis. On a quarterly basis, management reviews all loan-backed and structured securities with an unrealized loss position according to SSAP 43-R. The best estimate of future cash flows using the appropriate discount rate is calculated for each affected security. To assist in this effort, a brokerage firm provides forward-looking assumptions for default rates, voluntary prepayment speeds, and loss severities on a majority of the securities governed by SSAP 43R. The outcomes of this process assure that anticipated cash flows will not be less than the carrying value subsequent to other-than-temporary impairments. As of December 31, 2014, management estimates there were no unrealized losses present due to subprime mortgage exposure.

Estimated direct exposure to subprime mortgage risk through other investments:

	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. Underwriting Exposure to Subprime Mortgage Risk:

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

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE GRANGE LIFE INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

G. Retained Assets

NONE

H. Off-Setting and Netting of Assets and Liabilities

NONE

22) ) Events Subsequent

Type I-Recognized Subsequent Events: NONE

Type II-Nonrecognized Subsequent Events: NONE

23) Reinsurance

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

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

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

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

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

Section 2 – Ceded Reinsurance Report – Part A

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

Yes ( ) No ( X )

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

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

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

Section 3 – Ceded Reinsurance Report – Part B

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

Yes ( ) No ( X )

If yes, what is the amount of reinsurance credits, whether an asset or a reduction of liability, taken for such new agreements or amendments? \$0

B. Uncollectible Reinsurance

NONE

C. Commutation of Ceded Reinsurance

NONE

D. Certified Reinsurer Rating Downgraded and Status Subject to Revocation

NONE

24) Retrospectively Rated Contracts & Contracts Subject to Redetermination

NONE



ANNUAL STATEMENT FOR THE YEAR 2014 OF THE GRANGE LIFE INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

25) Change in Incurred Losses and Loss Adjustment Expenses

NONE

26) Intercompany Pooling Arrangements

NONE

27) ) Structured Settlements

NONE

28) Health Care Receivables

NONE

29) ) Participating Policies

For the year ending December 31, 2014 and 2013, premiums under individual and group participating policies were \$2,292,453 and \$2,165,927, respectively or 2.6% of total individual and group premiums in both years. The method of accounting for policyholder dividends for participating individual life insurance policies is based upon the accounting regulations in Statement of Statutory Accounting Principles No. 51, *Life Contracts*. The method of accounting for policyholder dividends on the participating group life insurance policy is based on premium and claim experience from the prior year. During 2014 and 2013, the Company paid dividends in the amount of \$57,519 and \$338,123, respectively, to policyholders and did not allocate any additional income to such policyholders.

30) ) Premium Deficiency Reserves

NONE

31) Reserves for Life Contracts and Annuity Contracts

1. The Company waives deduction of deferred fractional premiums upon the death of the insured. The Company returns any portion of the final premium paid beyond the date of death for all policies. Surrender values are not promised in excess of the legally computed reserves.
2. Extra premiums are charged for substandard lives, plus the gross premium for a rated age. Mean reserves for substandard lives are determined by computing the regular mean reserve for the plan at the rated age and holding an additional reserve of one-half (1/2) of the extra premium charge for the year.
3. As of December 31, 2014, the Company had \$3,379,543,627 of insurance in force for which the gross premiums are less than the net premiums according to the standard valuation set by the State of Ohio. Reserves to cover the above insurance totaled the gross amount of \$18,893,711 at year-end and are reported in Exhibit 5, Miscellaneous Reserves, Line 0700001.
4. The tabular interest (Page 7, Line 4), the tabular less actual reserve released (Page 7, Line 5), and the tabular cost (Page 7, Line 9) have been determined by formulas as described in the instructions for Page 7.
5. For the determination of tabular interest on funds not involving life contingencies for each valuation rate of interest, the tabular interest is calculated as the product of such valuation rate of interest multiplied by the mean of the amount of funds subject to such valuation rate of interest held at the beginning and end of the year of valuation.
6. There were no other material reserve changes.

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

	General Account	Separate Account with Guarantees	Separate Account Nonguaranteed	Total	% of Total
A. Subject to discretionary withdrawal:					
(1) With fair value adjustment	\$ .....	\$ .....	\$ .....	\$.....0	..... 0.000
(2) At book value less current surrender charge of 5% or more	..... 4,708,896	.....	.....	..... 4,708,896	..... 7.932
(3) At fair value	.....	.....	.....	.....0	.....0.000
(4) Total with adjustment or at fair value (total of 1 through 3)	..... 4,708.896	.....0	..... 0	..... 4,708,896	..... 7.932
(5) At book value without adjustment (minimal or no charge or adjustment)	..... 54,656,845	.....	.....	..... 54,656,845	..... 92.068
B. Not subject to discretionary withdrawal	.....	.....	.....	.....0	..... 0.000
C. Total (gross: direct + assumed)	..... 59,365,741	.....0	..... 0	..... 59,365,741	.....100.000
D. Reinsurance ceded .....				.....0	
E. Total (net)* (C) - (D)	\$ ..... 59,365,741	\$.....0	\$ ..... 0	\$..... 59,365,741	

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE GRANGE LIFE INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

Reconciliation of total annuity actuarial reserves and deposit fund liabilities.

F.	Life & Accident & Health Annual Statement:		
1.	Exhibit 5, Annuities Section, Total (net)	\$ 58,764,510	
2.	Exhibit 5, Supplementary Contracts with Life Contingencies Section, Total (net)		-
3.	Exhibit 7, Deposit-Type Contracts, Line 14, Column 1	\$ 601,231	
4.	Subtotal	\$ 59,365,741	
	Separate Accounts Annual Statement:		
		\$	
5.	Exhibit 3, Line 0299999, Column 2		-
6.	Exhibit 3, Line 0399999, Column 2		-
7.	Policyholder dividends		-
8.	Policyholder premiums		-
9.	Guaranteed interest contracts		-
10.	Other contract deposit funds		-
11.	Subtotal		-
12.	Combined Total	\$ 59,365,741	
G.	FHLB (Federal Home Loan Bank) Agreements		
1.	NONE		

33) ) Premium and Annuity Considerations Deferred and Uncollected

A. Deferred and uncollected life insurance premiums and annuity considerations as of December 31, 2014, were as follows:

	Type	Gross	Net of Loading
(1)	Industrial	\$ .....	\$ .....
(2)	Ordinary new business	\$ ..... 2,518,982	\$ ..... 819,662
(3)	Ordinary renewal	\$ ..... 20,237,985	\$ ..... 34,165,185
(4)	Credit Life	\$ .....	\$ .....
(5)	Group Life	\$ .....	\$ .....
(6)	Group Annuity	\$ .....	\$ .....
(7)	Totals	\$ ..... 22,756,967	\$ ..... 34,984,847

34) ) Separate Accounts

NONE

35) Loss/Claim Adjustment Expense

NONE