

To amend Page 3, Liabilities and Surplus, Page 4 Summary of Operations, Page 5 Cash Flow Statement, and Page 7 Footnotes to the Financial Statements for the breakout of the ordinary and extraordinary dividends. The extraordinary component was requested to be shown as a return of paid-in-capital by the ODI.

\*71218201820100108\*

LIFE AND ACCIDENT AND HEALTH COMPANIES —ASSOCIATION EDITION

# QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2018  
OF THE CONDITION AND AFFAIRS OF THE

## GRANGE LIFE INSURANCE COMPANY

NAIC Group Code 00267 , 00267 NAIC Company Code 71218 Employer's ID Number 31-0739286  
(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 03/05/1968 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 43216-1218  
(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 43206-1066 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 David Arnold Laird 816-753-7000  
(Name) (Area Code) (Telephone Number) (Extension)  
david.laird@kclife.com 816-531-8979  
(E-mail Address) (FAX Number)

### OFFICERS

Name	Title	Name	Title
<u>David Arnold Laird #</u>	<u>Controller</u>	<u>Theresa M. Mason</u>	<u>President</u>
<u>Alan Craig Mason, Jr. #</u>	<u>General Counsel &amp; Secretary</u>		

### OTHER OFFICERS

<u>Robert Philip Bixby #</u>	<u>Chairman</u>	<u>Walter Edwin Bixby #</u>	<u>Chief Executive Officer</u>
<u>Mark Alan Milton #</u>	<u>Actuary</u>	<u>Philip Alan Williams #</u>	<u>Chief Financial Officer</u>

### DIRECTORS OR TRUSTEES

<u>Robert Philip Bixby #</u>	<u>Walter Edwin Bixby #</u>	<u>Theresa M. Mason #</u>	<u>Mark Alan Milton #</u>
<u>Philip Alan Williams #</u>			

State of .....Ohio.....

ss

County of .....Franklin.....

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

David Arnold Laird  
Controller

Theresa M. Mason  
President

Alan Craig Mason, Jr.  
General Counsel & Secretary

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

Subscribed and sworn to before me this \_\_\_\_\_ day of November, 2018

b. If no:

1. State the amendment number	<u>1</u>
2. Date filed	<u>01/02/2019</u>
3. Number of pages attached	<u>5</u>

Teresa J. Burchwell, Notary Public  
04/28/2022

STATEMENT AS OF SEPTEMBER 30, 2018 OF THE GRANGE LIFE INSURANCE COMPANY

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Aggregate reserve for life contracts \$ .....326,445,431 less \$ ..... included in Line 6.3 (including \$ ..... Modco Reserve) .....	326,445,431	310,919,970
2. Aggregate reserve for accident and health contracts (including \$ ..... Modco Reserve) .....	291,452	331,413
3. Liability for deposit-type contracts (including \$ ..... Modco Reserve) .....	246,489	268,662
4. Contract claims:		
4.1 Life .....	5,768,414	6,701,745
4.2 Accident and health .....	(5,089)	(6,404)
5. Policyholders' dividends \$ ..... and coupons \$ ..... due and unpaid .....		0
6. Provision for policyholders' dividends and coupons payable in following calendar year—estimated amounts:		
6.1 Dividends apportioned for payment (including \$ ..... Modco).....	59,170	59,170
6.2 Dividends not yet apportioned (including \$ ..... Modco).....		0
6.3 Coupons and similar benefits (including \$ ..... Modco).....		0
7. Amount provisionally held for deferred dividend policies not included in Line 6 .....		0
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$ ..... discount; including \$ ..... accident and health premiums .....	405,128	370,274
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts .....		0
9.2 Provision for experience rating refunds, including the liability of \$ ..... accident and health experience rating refunds of which \$ ..... is for medical loss ratio rebate per the Public Health Service Act.....		0
9.3 Other amounts payable on reinsurance, including \$ ..... assumed and \$ ..... 2,236,719 ceded.....	2,236,719	3,402,004
9.4 Interest Maintenance Reserve .....	0	698,267
10. Commissions to agents due or accrued-life and annuity contracts \$ ..... 548,379 , accident and health \$ ..... and deposit-type contract funds \$ .....	548,379	775,558
11. Commissions and expense allowances payable on reinsurance assumed .....		0
12. General expenses due or accrued .....	877,058	1,516,905
13. Transfers to Separate Accounts due or accrued (net) (including \$ ..... accrued for expense allowances recognized in reserves, net of reinsured allowances) .....		0
14. Taxes, licenses and fees due or accrued, excluding federal income taxes .....	1,420,999	1,769,671
15.1 Current federal and foreign income taxes, including \$ ..... on realized capital gains (losses).....		0
15.2 Net deferred tax liability .....		0
16. Unearned investment income .....	491,785	478,014
17. Amounts withheld or retained by company as agent or trustee .....		0
18. Amounts held for agents' account, including \$ ..... agents' credit balances .....		0
19. Remittances and items not allocated .....	52,271	158,890
20. Net adjustment in assets and liabilities due to foreign exchange rates .....		0
21. Liability for benefits for employees and agents if not included above .....		0
22. Borrowed money \$ ..... and interest thereon \$ .....		0
23. Dividends to stockholders declared and unpaid .....		0
24. Miscellaneous liabilities:		
24.01 Asset valuation reserve .....	1,058,784	2,572,067
24.02 Reinsurance in unauthorized and certified (\$ ..... ) companies .....		0
24.03 Funds held under reinsurance treaties with unauthorized and certified (\$ ..... ) reinsurers.....		0
24.04 Payable to parent, subsidiaries and affiliates .....	9,797,092	9,624,487
24.05 Drafts outstanding .....		0
24.06 Liability for amounts held under uninsured plans .....		0
24.07 Funds held under coinsurance .....		0
24.08 Derivatives .....	0	0
24.09 Payable for securities .....		0
24.10 Payable for securities lending.....		0
24.11 Capital notes \$ ..... and interest thereon \$ .....		0
25. Aggregate write-ins for liabilities .....	0	0
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25) .....	349,694,082	339,640,693
27. From Separate Accounts statement .....		0
28. Total liabilities (Lines 26 and 27) .....	349,694,082	339,640,693
29. Common capital stock .....	1,893,750	1,893,750
30. Preferred capital stock .....		0
31. Aggregate write-ins for other than special surplus funds .....	0	0
32. Surplus notes .....		0
33. Gross paid in and contributed surplus .....	40,202,189	67,031,250
34. Aggregate write-ins for special surplus funds .....	0	0
35. Unassigned funds (surplus) .....	(1,030,752)	3,622,117
36. Less treasury stock, at cost:		
36.1 ..... shares common (value included in Line 29 \$ ..... ) .....		0
36.2 ..... shares preferred (value included in Line 30 \$ ..... ) .....		0
37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (including \$ ..... in Separate Accounts Statement) .....	39,171,437	70,653,367
38. Totals of Lines 29, 30 and 37 .....	41,065,187	72,547,117
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3) .....	390,759,269	412,187,810
<b>DETAILS OF WRITE-INS</b>		
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
3101. ....		0
3102. ....		0
3103. ....		0
3198. Summary of remaining write-ins for Line 31 from overflow page .....	0	0
3199. Totals (Lines 3101 through 3103 plus 3198) (Line 31 above) .....	0	0
3401. ....		0
3402. ....		0
3403. ....		0
3498. Summary of remaining write-ins for Line 34 from overflow page .....	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above) .....	0	0

STATEMENT AS OF SEPTEMBER 30, 2018 OF THE GRANGE LIFE INSURANCE COMPANY

SUMMARY OF OPERATIONS

	1 Current Year To Date	2 Prior Year Year to Date	3 Prior Year Ended December 31
1. Premiums and annuity considerations for life and accident and health contracts	40,028,461	(12,066,968)	1,846,401
2. Considerations for supplementary contracts with life contingencies	0	0	0
3. Net investment income	10,582,841	10,672,966	14,061,668
4. Amortization of Interest Maintenance Reserve (IMR)	103,312	1,053,706	1,202,130
5. Separate Accounts net gain from operations excluding unrealized gains or losses	0	0	0
6. Commissions and expense allowances on reinsurance ceded	6,622,622	6,142,087	8,459,840
7. Reserve adjustments on reinsurance ceded	0	0	0
8. Miscellaneous Income:			
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	0	0	0
8.2 Charges and fees for deposit-type contracts	0	0	0
8.3 Aggregate write-ins for miscellaneous income	5,663	5,606	8,736
9. Totals (Lines 1 to 8.3)	57,342,899	5,807,397	25,578,775
10. Death benefits	22,989,073	20,071,368	27,111,029
11. Matured endowments (excluding guaranteed annual pure endowments)	0	0	0
12. Annuity benefits	122,497	2,068,215	2,133,592
13. Disability benefits and benefits under accident and health contracts	34,033	116,950	139,543
14. Coupons, guaranteed annual pure endowments and similar benefits	0	0	0
15. Surrender benefits and withdrawals for life contracts	5,137,185	5,781,195	8,437,516
16. Group conversions	0	0	0
17. Interest and adjustments on contract or deposit-type contract funds	0	0	0
18. Payments on supplementary contracts with life contingencies	0	0	0
19. Increase in aggregate reserves for life and accident and health contracts	15,463,326	(39,272,593)	(34,316,629)
20. Totals (Lines 10 to 19)	43,746,114	(11,234,865)	3,505,051
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	5,815,449	6,792,956	8,635,298
22. Commissions and expense allowances on reinsurance assumed	105,382	108,708	147,023
23. General insurance expenses	8,820,068	9,456,398	12,510,520
24. Insurance taxes, licenses and fees, excluding federal income taxes	1,441,634	1,506,200	1,974,944
25. Increase in loading on deferred and uncollected premiums	93,665	(257,231)	(592,315)
26. Net transfers to or (from) Separate Accounts net of reinsurance	0	0	0
27. Aggregate write-ins for deductions	0	616,794	616,794
28. Totals (Lines 20 to 27)	60,022,312	6,988,960	26,797,315
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	(2,679,413)	(1,181,563)	(1,218,540)
30. Dividends to policyholders	37,671	38,856	58,956
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	(2,717,084)	(1,220,419)	(1,277,496)
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	94,781	0	(7,066)
33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32)	(2,811,865)	(1,220,419)	(1,270,430)
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$ (249,561) (excluding taxes of \$ 0 transferred to the IMR)	249,561	43,667	5,478
35. Net income (Line 33 plus Line 34)	(2,562,304)	(1,176,752)	(1,264,952)
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
36. Capital and surplus, December 31, prior year	72,547,117	71,346,081	71,346,081
37. Net income (Line 35)	(2,562,304)	(1,176,752)	(1,264,952)
38. Change in net unrealized capital gains (losses) less capital gains tax of \$	0	13,663	13,663
39. Change in net unrealized foreign exchange capital gain (loss)	0	0	0
40. Change in net deferred income tax	390,095	156,965	(5,239,713)
41. Change in nonadmitted assets	(1,003,722)	271,063	4,326,562
42. Change in liability for reinsurance in unauthorized and certified companies	0	0	0
43. Change in reserve on account of change in valuation basis, (increase) or decrease	0	0	0
44. Change in asset valuation reserve	1,513,283	(69,696)	237,911
45. Change in treasury stock	0	0	0
46. Surplus (contributed to) withdrawn from Separate Accounts during period	0	0	0
47. Other changes in surplus in Separate Accounts Statement	0	0	0
48. Change in surplus notes	0	0	0
49. Cumulative effect of changes in accounting principles	0	0	0
50. Capital changes:			
50.1 Paid in	0	0	0
50.2 Transferred from surplus (Stock Dividend)	0	0	0
50.3 Transferred to surplus	0	0	0
51. Surplus adjustment:			
51.1 Paid in	(26,829,061)	0	0
51.2 Transferred to capital (Stock Dividend)	0	0	0
51.3 Transferred from capital	0	0	0
51.4 Change in surplus as a result of reinsurance	0	1,923,333	2,540,126
52. Dividends to stockholders	(3,171,720)	0	0
53. Aggregate write-ins for gains and losses in surplus	181,499	616,794	587,439
54. Net change in capital and surplus (Lines 37 through 53)	(31,481,930)	1,735,370	1,201,036
55. Capital and surplus as of statement date (Lines 36 + 54)	41,065,187	73,081,451	72,547,117
<b>DETAILS OF WRITE-INS</b>			
08.301. SERVICE FEES	5,663	5,606	8,736
08.302.	0	0	0
08.303.	0	0	0
08.398. Summary of remaining write-ins for Line 8.3 from overflow page	0	0	0
08.399. Totals (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above)	5,663	5,606	8,736
2701. Misc Deduction - Annuity related IMR	0	0	616,794
2702. Misc Decuction - Annuity related IMR	0	616,794	0
2703.	0	0	0
2798. Summary of remaining write-ins for Line 27 from overflow page	0	0	0
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	0	616,794	616,794
5301. Prior Period Adjustment	181,499	0	587,439
5302. Annuity Co-Insurance Adjustment	0	616,794	0
5303.	0	0	0
5398. Summary of remaining write-ins for Line 53 from overflow page	0	0	0
5399. Totals (Lines 5301 through 5303 plus 5398) (Line 53 above)	181,499	616,794	587,439

## CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance.....	40,229,443	(12,323,518)	1,625,304
2. Net investment income .....	12,180,661	11,539,558	15,071,885
3. Miscellaneous income .....	6,628,285	8,071,026	10,391,909
4. Total (Lines 1 to 3) .....	59,038,389	7,287,066	27,089,098
5. Benefit and loss related payments .....	28,505,654	39,008,561	42,098,913
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions .....	17,398,231	18,677,031	23,781,929
8. Dividends paid to policyholders .....	37,671	259,879	353,890
9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses).....	0	195,000	195,000
10. Total (Lines 5 through 9) .....	45,941,556	58,140,471	66,429,732
11. Net cash from operations (Line 4 minus Line 10) .....	13,096,833	(50,853,405)	(39,340,634)
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds .....	54,224,316	67,338,264	75,310,389
12.2 Stocks .....	0	12,068,436	12,068,436
12.3 Mortgage loans .....	0	0	0
12.4 Real estate .....	0	0	0
12.5 Other invested assets .....	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	6	0	0
12.7 Miscellaneous proceeds .....	257,128	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	54,481,450	79,406,700	87,378,825
13. Cost of investments acquired (long-term only):			
13.1 Bonds .....	28,480,899	24,670,869	41,328,545
13.2 Stocks .....	0	0	0
13.3 Mortgage loans .....	0	0	0
13.4 Real estate .....	0	0	0
13.5 Other invested assets .....	0	0	0
13.6 Miscellaneous applications .....	220,094	183,501	67,120
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	28,700,993	24,854,370	41,395,665
14. Net increase (or decrease) in contract loans and premium notes .....	198,777	84,355	105,076
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) .....	25,581,680	54,467,975	45,878,084
<b>Cash from Financing and Miscellaneous Sources</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes .....	0	0	0
16.2 Capital and paid in surplus, less treasury stock.....	(26,829,061)	0	0
16.3 Borrowed funds .....	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....	(22,173)	(102,552)	(50,562)
16.5 Dividends to stockholders .....	3,171,720	0	0
16.6 Other cash provided (applied).....	370,843	(4,177,676)	(4,043,729)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	(29,652,111)	(4,280,228)	(4,094,291)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	9,026,402	(665,658)	2,443,159
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	16,633,826	14,190,667	14,190,667
19.2 End of period (Line 18 plus Line 19.1) .....	25,660,228	13,525,009	16,633,826

## 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).

The Net Income and Surplus amounts were as follows for the period ended September 30, 2018 and December 31, 2017, respectively. Failure of the amounts to add to totals is due to rounding or truncation.

NET INCOME	SSAP #	F/S Page	2018	2017
(1) Grange Life Insurance Company state basis (Page 4, Line 35, Columns 1&2)			(2,562,304)	(1,264,952)
(2) State Prescribed Practices that are an increase/(decrease) from NAIC SAP			0	0
(3) State Permitted Practices that are an increase/(decrease) from NAIC SAP			0	0
<b>(4) NAIC SAP (1-2-3=4)</b>			<b>(2,562,304)</b>	<b>(1,264,952)</b>
SURPLUS	SSAP #	F/S Page	2018	2017
(5) Grange Life Insurance Company state basis (Page 3, Line 38, Columns 1&2)			41,065,187	72,547,117
(6) State Prescribed Practices that are an increase/(decrease) from NAIC SAP			0	0
(7) State Permitted Practices that are an increase/(decrease) from NAIC SAP			0	0
<b>(8) NAIC SAP (5-6-7=8)</b>			<b>41,065,187</b>	<b>72,547,117</b>

## 2) Accounting Changes and Correction of Errors

The Company recorded a correction of an error associated with the settlement of reinsurance matters due to separate issues with the administration of reinsurance contracts by the Company and a third-party reinsurer. The net result of the errors was that net income in prior periods (and, as a result, unassigned surplus) had been understated by \$181,499. The net impact of the Company's previously issued financial statements is that premiums and annuity considerations for life and accident and health contracts (Summary of Operations, line 1) was understated by \$181,499. Additionally, other amounts payable on reinsurance (Liabilities, Surplus and Other Funds, line 9.3) was overstated by \$181,499. The following adjustments were recorded in the September 30, 2018 financial results to reflect this error: a) on line 5 of Assets, an increase in cash was recorded to account for the settlement recovered from the reinsurer by the Company and b) on line 35 of Liabilities, Surplus and Other Funds page, \$181,499 was recorded to increase unassigned funds (surplus).

## 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

- 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.
- All securities during 2018 with a recognized other-than-temporary impairment, disclosed in the aggregate, classified on the basis for the other-than-temporary impairment:  
NONE
- Securities with a recognized other-than-temporary impairment currently held by the Company, where the present value of cash flows expected to be collected is less than the amortized cost basis of securities:

NONE

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

1. Less than 12 Months	\$	0
2. 12 Months or Longer	\$	0
  - b. The aggregate related fair value of securities with unrealized losses:
 

1. Less than 12 Months	\$	0
2. 12 Months or Longer	\$	0
5. According to SSAP 43R, the best estimate of future cash flows using the appropriate discount rate was calculated for each affected security, with other-than-temporary impairments realized to the extent that present value was less than amortized cost. Securities held with an intent to sell were other-than-temporarily impaired to current fair value. Securities with a present value greater than amortized cost were not other-than-temporarily impaired.

E. Repurchase Agreements and/or Securities Lending Transactions

	<u>Amortized Cost</u>	<u>FAIR VALUE</u>
Securities Lending		
(a) Open		
(b) 30 Days or Less	\$.....0.00	\$.....0.00
(c) 31 to 60 Days	\$.....0.00	\$.....0.00
(d) 61 to 90 Days		
(e) 91 to 120 Days		
(f) 121 to 180 Days		
(g) 181 to 365 Days		
(h) 1 to 2 Years		
(i) 2-3 Year		
(j) Greater Than 3 Years		
(k) Sub-Total	\$.....0.00	\$.....0.00
(l) Securities Received		
(m) Total Collateral Reinvested	<u>\$.....0.00</u>	<u>\$.....0.00</u>

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

No significant change.

**7) Investment Income**

No significant change.

**8) Derivative Instruments**

NONE

**9) Income Taxes**

No significant change.

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

A. Relationship with Parent, Subsidiaries and Affiliates:

1. On June 4, 2018, Grange Mutual Casualty Company (GMCC) entered into a definitive agreement to sell its wholly-owned interest in the Company to Kansas City Life Insurance Company (KCL). The sale transaction has been approved by the Ohio Department of Insurance. As a part of the sale transaction and prior to the sale closing date, the Company paid a dividend of \$30.0 million to GMCC. The \$30.0 million dividend reduced unassigned surplus by \$3.2 million and paid-in surplus \$26.8 million. The dividend was approved by the Ohio Department of Insurance and was paid on August 10, 2018. KCL acquired all the issued and outstanding stock of the Company for approximately \$74.7 million on October 1, 2018.
2. As part of the sales agreement discussed in 10(A)(1) above, ownership of Northview Insurance Agency, which is a wholly-owned noninsurance subsidiary of the Company, was transferred via dividend to GMCC on August 10, 2018.

**11) Debt**

NONE

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

No significant change.

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

No significant change.

**14) Contingencies**

No significant change.

**15) Leases**

NONE

**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

No significant change.

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

(1) Fair Value Measurement at Reporting Date

NONE

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

Description	Beginning Balance at 01/01/2018	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance at 9/30/2018
<b>a. Assets:</b>										
Total Assets	0	0	0	00		0	0	0	0	0

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

(4) As of September 30, 2018, the reported fair value of the entity's investments categorized within Level 2 and Level 3 of the fair value hierarchy are as follows:

Bonds--According to statutory accounting rules, fixed income securities with a rating of NAIC 1 or 2 are reported at amortized cost. Securities with a rating of NAIC 3 thru 6, or non-investment grade ratings, are measured and reported at the lower of amortized cost or fair value on the statement of financial position. As of September 30, 2018, the Company did not have any bonds rated NAIC 3 thru 6, and therefore did not report any securities at fair value.

Parent, Subsidiaries, and Affiliates--Fair value measurement is determined by the individual entity's surplus at the end of a period, or the amount by which assets exceed liabilities. Each subsidiary is in the insurance industry, whereby its assets are largely comprised of fixed income securities carried at amortized cost and its liabilities represent reserves for policyholder claims and benefits. 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	\$ 288,195,321	\$ 294,876,484	\$ .....	\$ 288,195,321	\$ .....	\$ .....
Common Stock	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....
Money Market	\$ 13,587,108	\$ 13,587,108	\$ 13,587,108	\$ .....	\$ .....	\$ .....

D. Not Practicable to Estimate Fair Value

<u>Type or Class of Financial Instrument</u>	<u>Carrying Value</u>	<u>Effective Interest Rate</u>	<u>Maturity Date</u>	<u>Explanation</u>
Common Stock	\$ .....	N/A.....	N/A.....	.....

**21) Other Items**

A. Extraordinary items

NONE

B. Troubled Debt Restructuring: Debtors

NONE

C. Other Disclosures

NONE

D. Uncollectible Assets

NONE

E. Business Interruption Insurance Recoveries

NONE

F. State Transferable and Non-Transferable Tax Credits

NONE

G. Subprime Mortgage Related Risk Exposure

NONE

H. Retained Assets

NONE

**22) Events Subsequent**

KCL acquired all the issued and outstanding stock of the Company from GMCC for approximately \$74.7 million effective October 1, 2018.

On November 2, 2018, GLIC completed a 100% recapture of a block of business previously ceded to Colorado Bankers Life Insurance Company (CBLIC). The block of business recaptured approximated \$54.5 million of deferred annuity reserves.

**23) Reinsurance**

No significant change.

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

NONE

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

NONE

**26) Intercompany Pooling Arrangements**

NONE

**27) Structured Settlements**

NONE

**28) Health Care Receivables**

NONE

**29) Participating Policies**

No significant change.

**30) Premium Deficiency Reserves**

NONE

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

No significant change.

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

	Amount	Separate Account With Guarantees	Separate Account Nonguaranteed	Total	% of Total
A. Subject to discretionary withdrawal:					
(1) With fair value adjustment					
(2) At book value less current surrender charge of 5% or more	\$ 0.00			\$ 0.00	.00
(3) At fair value					
(4) Total with adjustment or at fair value (total of 1 through 3)	\$ 0.00			\$ 0.00	.00
(5) At book value without adjustment (minimal or no charge or adjustment)	\$ 0.00			\$ 0.00	100.00
B. Not subject to discretionary withdrawal					
C. Total (gross: direct + assumed)	\$56,059,533.00			\$56,059,533.00	100.00
D. Reinsurance ceded	\$54,464,071.00			\$54,464,071.00	
E. Total (net) * (C) - (D)	\$1,595,462.00			\$1,595,462.00	
* Reconciliation of total annuity actuarial reserves and deposit fund liabilities.					

	Amount
F. Life & Accident & Health Annual Statement	
Exhibit 5, Annuities Section, Total (net):	\$1,348,973.00
Exhibit 5, Supplementary Contracts With Life Contingencies Section, Total (net):	
Exhibit 7, Deposit-Type Contracts, Line 14, Column 1:	\$246,489.00
Subtotal:	\$1,595,462.00
Separate Accounts Annual Statement:	
Exhibit 3, Line 0299999, Column 2:	
Exhibit 3, Line 0399999, Column 2:	
Policyholder dividend and coupon accumulations	
Policyholder premiums	
Guaranteed interest contracts	
Other contract deposit funds	
Subtotal:	
Combined Total:	\$1,595,462.00

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

No significant change.

**34) Separate Accounts**

NONE

**35) Loss/Claim Adjustment Expenses**

NONE