

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 2010 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2010 or fiscal plan year beginning <u>04/01/2010</u> and ending <u>03/31/2011</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information				
1a Name of plan <u>RETIREMENT INCOME PLAN FOR EMPLOYEES OF GRANGE MUTUAL CASUALTY COMPANY</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>001</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>04/01/1958</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>001</u>	1c Effective date of plan <u>04/01/1958</u>	
1b Three-digit plan number (PN) ▶	<u>001</u>				
1c Effective date of plan <u>04/01/1958</u>					
2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) <u>GRANGE MUTUAL CASUALTY COMPANY</u> <u>C/O DAVID ACKERMANN</u> <u>671 SOUTH HIGH STREET</u> <u>COLUMBUS, OH 43206-1066</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>31-4192970</u></td> </tr> <tr> <td>2c Sponsor's telephone number <u>614-445-2900</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>524150</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>31-4192970</u>	2c Sponsor's telephone number <u>614-445-2900</u>	2d Business code (see instructions) <u>524150</u>	
2b Employer Identification Number (EIN) <u>31-4192970</u>					
2c Sponsor's telephone number <u>614-445-2900</u>					
2d Business code (see instructions) <u>524150</u>					

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	12/29/2011	DAVID ACKERMANN - MGR- CORP ACCTG
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2010)
v.092307.1

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") GRANGE MUTUAL CASUALTY COMPANY C/O DAVID ACKERMANN 671 SOUTH HIGH STREET COLUMBUS, OH 43206-1066	3b Administrator's EIN 31-4192970 3c Administrator's telephone number 614-445-2900
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN	
5 Total number of participants at the beginning of the plan year	5	1872
6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	991
b Retired or separated participants receiving benefits.....	6b	253
c Other retired or separated participants entitled to future benefits.....	6c	562
d Subtotal. Add lines 6a , 6b , and 6c	6d	1806
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	28
f Total. Add lines 6d and 6e	6f	1834
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	1806
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	89
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
 1A 1G

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1) ☒ **R** (Retirement Plan Information)
 (2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
 (3) ☒ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1) ☒ **H** (Financial Information)
 (2) ☐ **I** (Financial Information – Small Plan)
 (3) ☐ **A** (Insurance Information)
 (4) ☒ **C** (Service Provider Information)
 (5) ☒ **D** (DFE/Participating Plan Information)
 (6) ☐ **G** (Financial Transaction Schedules)

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2010 This Form is Open to Public Inspection
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For calendar plan year 2010 or fiscal plan year beginning 04/01/2010 and ending 03/31/2011

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>RETIREMENT INCOME PLAN FOR EMPLOYEES OF GRANGE MUTUAL CASUALTY COMPANY</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>GRANGE MUTUAL CASUALTY COMPANY</u>	D Employer Identification Number (EIN) <u>31-4192970</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1 Enter the valuation date: Month <u>04</u> Day <u>01</u> Year <u>2010</u>	
2 Assets:	
a Market value	2a <u>86409287</u>
b Actuarial value	2b <u>84779270</u>
3 Funding target/participant count breakdown	
	(1) Number of participants (2) Funding Target
a For retired participants and beneficiaries receiving payment	3a <u>235</u> <u>11915514</u>
b For terminated vested participants	3b <u>479</u> <u>10780684</u>
c For active participants:	
(1) Non-vested benefits	3c(1) <u>5373870</u>
(2) Vested benefits	3c(2) <u>49712813</u>
(3) Total active	3c(3) <u>1158</u> <u>55086683</u>
d Total	3d <u>1872</u> <u>77782881</u>
4 If the plan is at-risk, check the box and complete items (a) and (b)	☐
a Funding target disregarding prescribed at-risk assumptions	4a
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor	4b
5 Effective interest rate	5 <u>6.57</u> %
6 Target normal cost	6 <u>4778974</u>

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	
Signature of actuary <u>MICHAEL C. WHELCHER</u>	Date <u>11-03510</u>
Type or print name of actuary <u>TOWERS WATSON DELAWARE INC.</u>	Most recent enrollment number <u>216-937-4000</u>
Firm name <u>1001 LAKESIDE AVENUE, SUITE 1900</u> <u>CLEVELAND, OH 44114-1172</u>	Telephone number (including area code)
Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2010
v.092308.1

Part II		Beginning of year carryover and prefunding balances	
		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	13398539	6162384
8	Portion used to offset prior year's funding requirement (Item 35 from prior year)	3180246	0
9	Amount remaining (Item 7 minus item 8).....	10218293	6162384
10	Interest on item 9 using prior year's actual return of <u>30.82</u> %	3149278	1899247
11	Prior year's excess contributions to be added to prefunding balance:		
a	Excess contributions (Item 38 from prior year)		5345271
b	Interest on (a) using prior year's effective rate of <u>6.67</u> %		356530
c	Total available at beginning of current plan year to add to prefunding balance		5701801
d	Portion of (c) to be added to prefunding balance.....		0
12	Reduction in balances due to elections or deemed elections.....	0	0
13	Balance at beginning of current year (item 9 + item 10 + item 11d – item 12).....	13367571	8061631

Part III		Funding percentages	
14	Funding target attainment percentage.....	14	81.44 %
15	Adjusted funding target attainment percentage.....	15	108.99 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	94.25 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV		Contributions and liquidity shortfalls	
18 Contributions made to the plan for the plan year by employer(s) and employees:			
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	
01/03/2011	5000000		
08/03/2011	4784899		
		Totals ▶	18(b)
		9784899	18(c)
			0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contribution from prior years.....	19a	
b Contributions made to avoid restrictions adjusted to valuation date	19b	
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c	9159427

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No

b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No

c If 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of Quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: 4.35 %	2nd segment: 6.59 %	3rd segment: 6.72 %	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 0
22 Weighted average retirement age				22 64
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a).....	29	
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions).....	31	4778974
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	0	0
b Waiver amortization installment		
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b – item 33).....	34	4778974
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	2096940	0
36 Additional cash requirement (item 34 minus item 35).....	36	2682034
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c).....	37	9159427
38 Interest-adjusted excess contributions for current year (see instructions).....	38	6477393
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37).....	39	0
40 Unpaid minimum required contribution for all years	40	0

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2010
		This Form is Open to Public Inspection.
For calendar plan year 2010 or fiscal plan year beginning 04/01/2010 and ending 03/31/2011		
A Name of plan RETIREMENT INCOME PLAN FOR EMPLOYEES OF GRANGE MUTUAL CASUALTY COMPANY		B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 GRANGE MUTUAL CASUALTY COMPANY		D Employer Identification Number (EIN) 31-4192970

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☐ Yes ☒ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

STATE STREET GLOBAL ADVISORS

04-1867445

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
18 19 51 52 99	NONE	7406	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

BLACKROCK FINANCIAL MANAGEMENT, INC.

13-3806691

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
28	NONE	0	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

J P MORGAN CHASE BANK, NA

13-4994650

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
19 62	NONE	0	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
U.S. AGGREGATE BOND INDEX SL FUND	19	0

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
STATE STREET GLOBAL ADVISORS 04-1867445	0.0200%

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
SSGA CASH COLLATERAL POOL	52	0

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
STATE STREET GLOBAL ADVISORS 04-1867445	0.0138%

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
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(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone:

Explanation:

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 <div style="border: 1px solid black; padding: 5px; font-size: 1.2em; font-weight: bold;">2010</div> This Form is Open to Public Inspection
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For calendar plan year 2010 or fiscal plan year beginning 04/01/2010 and ending 03/31/2011		
A Name of plan RETIREMENT INCOME PLAN FOR EMPLOYEES OF GRANGE MUTUAL CASUALTY COMPANY	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 GRANGE MUTUAL CASUALTY COMPANY	D Employer Identification Number (EIN) 31-4192970	

Part I Asset and Liability Statement			
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	2792840	2886783
(2) U.S. Government securities.....	1c(2)	7780822	8350351
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)	11124105	13567284
(5) Partnership/joint venture interests	1c(5)	3168919	4428118
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts.....	1c(9)	11798918	12410627
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	45201222	53439073
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	81866826	95082236

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	81866826	95082236
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	9596458	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		9596458

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	1620	
(B) U.S. Government securities	2b(1)(B)	166933	
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		168553

(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)	808092	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	232087	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		1040179

(3) Rents	2b(3)		
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(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)	2444940	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B).....	2b(5)(C)		2444940
(6) Net investment gain (loss) from common/collective trusts	2b(6)		611709
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		6930126
c Other income.....	2c		259198
d Total income. Add all income amounts in column (b) and enter total.....	2d		21051163

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	7835753	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		7835753
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		0
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		7835753

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		13215410
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: CLARK SCHAEFER HACKETT

(2) EIN: 31-0800053

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		5000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If yes, enter the amount of any plan assets that reverted to the employer this year ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

5b(2) EIN(s)

5b(3) PN(s)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2010 This Form is Open to Public Inspection.
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For calendar plan year 2010 or fiscal plan year beginning 04/01/2010 and ending 03/31/2011

A Name of plan <u>RETIREMENT INCOME PLAN FOR EMPLOYEES OF GRANGE MUTUAL CASUALTY COMPANY</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>GRANGE MUTUAL CASUALTY COMPANY</u>	D Employer Identification Number (EIN) <u>31-4192970</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>31-4192970</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	<u>0</u>

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
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4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☒ N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☒ No
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Schedule R (Form 5500) 2010
v.092308.1

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: 65% Investment-Grade Debt: 25% High-Yield Debt: 0% Real Estate: 0% Other: 10%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☒ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate item 19(b)?

☐ Effective duration ☐ Macaulay duration ☒ Modified duration ☐ Other (specify):

Independent Auditors' Report

Investment Committee of the Board of Directors
Retirement Income Plan for Employees of Grange
Mutual Casualty Company

We were engaged to audit the financial statements (modified cash basis) of the Retirement Income Plan for Employees of Grange Mutual Casualty Company (the Plan) as of and for the years ended March 31, 2011 and 2010, and the supplemental schedules as of and for the year ended March 31, 2011 as listed in the accompanying table of contents. These financial statements and supplemental schedules are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 8, which was certified by JPMorgan Chase Bank, N.A., the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedules. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended March 31, 2011 and 2010, that the information provided to the plan administrator by the trustee is complete and accurate.

As described in Note 2, these financial statements and supplemental schedules were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Because of the significance of the information in the Plan's financial statements and supplemental schedules that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedules taken as a whole. The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Clark, Schaefer, Hackett : Co.

Columbus, Ohio
November 18, 2011

Form 5500Department of the Treasury
Internal Revenue ServiceDepartment of Labor
Employee Benefits Security
Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**OMB Nos. 1210-0110
1210-0089**2010****This Form is Open to Public Inspection****Part I Annual Report Identification Information**For calendar plan year 2010 or fiscal plan year beginning 04/01/2010 and ending 03/31/2011

- A** This return/report is for: ☐ a multiemployer plan; ☐ a multiple-employer plan; or
☒ a single-employer plan; ☐ a DFE (specify) _____
- B** This return/report is: ☐ the first return/report; ☐ the final return/report;
☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
- C** If the plan is a collectively-bargained plan, check here. ☐
- D** Check box if filing under: ☒ Form 5558; ☐ automatic extension; ☐ the DFVC program;
☐ special extension (enter description) _____

Part II Basic Plan Information—enter all requested information**1a** Name of plan RETIREMENT INCOME PLAN FOR EMPLOYEES
OF GRANGE MUTUAL CASUALTY COMPANY**1b** Three-digit plan number (PN) ▶ 001**1c** Effective date of plan 04/01/1958**2a** Plan sponsor's name and address (employer, if for a single-employer plan)
(Address should include room or suite no.)
GRANGE MUTUAL CASUALTY COMPANY**2b** Employer Identification Number (EIN)
31-4192970**2c** Sponsor's telephone number
(614) 445-2900C/O DAVID ACKERMANN
671 SOUTH HIGH STREET
COLUMBUSOH 43206-1066**2d** Business code (see instructions)
524150**Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.**

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE		<u>12/22/10</u>	DAVID ACKERMANN - MGR - CORP ACCTG
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2010)
v.092307.1

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") SAME		3b Administrator's EIN 3c Administrator's telephone number
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name		4b EIN 4c PN
5 Total number of participants at the beginning of the plan year	5	1,872
6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a, 6b, 6c, and 6d).		
a Active participants.....	6a	991
b Retired or separated participants receiving benefits.....	6b	253
c Other retired or separated participants entitled to future benefits.....	6c	562
d Subtotal. Add lines 6a, 6b, and 6c.....	6d	1,806
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	28
f Total. Add lines 6d and 6e.....	6f	1,834
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	1,806
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	89
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....	7	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:

1A 1G

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☒ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information - Small Plan) (3) ☐ A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)
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**RETIREMENT INCOME PLAN FOR EMPLOYEES OF
GRANGE MUTUAL CASUALTY COMPANY**

**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS –
MODIFIED CASH BASIS**

March 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets:		
Investments, at fair value (Notes 4 and 5):		
Registered investment companies	\$ 53,439,073	\$ 45,201,222
Common stocks	13,567,284	11,124,105
Bonds:		
U.S. Treasury securities and obligations of		
U.S. government corporations and agencies	8,350,351	7,780,822
Collective marketable bond fund	12,410,627	11,798,918
Limited partnership	4,428,118	3,168,919
Cash and cash equivalents	2,886,783	2,792,840
Net assets available for benefits	<u><u>\$ 95,082,236</u></u>	<u><u>\$ 81,866,826</u></u>

The accompanying notes are an integral part of these financial statements.

**RETIREMENT INCOME PLAN FOR EMPLOYEES OF
GRANGE MUTUAL CASUALTY COMPANY**

**STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS -
MODIFIED CASH BASIS**

Years Ended March 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Investment activity:		
Net appreciation in fair value of investments (Notes 4 and 5)	\$ 10,245,973	\$ 17,815,143
Interest	168,553	179,898
Dividends	1,040,179	1,101,067
Total investment activity	<u>11,454,705</u>	<u>19,096,108</u>
Employer contributions	9,596,458	8,555,414
Benefits paid directly to participants or beneficiaries	<u>(7,835,753)</u>	<u>(5,465,993)</u>
Net increase	13,215,410	22,185,529
Net assets available for benefits:		
Beginning of year	81,866,826	59,681,297
End of year	<u>\$ 95,082,236</u>	<u>\$ 81,866,826</u>

The accompanying notes are an integral part of these financial statements.

**RETIREMENT INCOME PLAN FOR EMPLOYEES OF
GRANGE MUTUAL CASUALTY COMPANY**

NOTES TO FINANCIAL STATEMENTS

Note 1. Description of the Plan

The following brief description of the Retirement Income Plan for Employees of Grange Mutual Casualty Company (the Plan) is provided for general information purposes only. Participants should refer to the Plan agreement for more complete information.

- A. General - The Plan is a defined benefit plan and covers substantially all employees of Grange Mutual Casualty Company (the Company) that were hired on or before December 31, 2006. Employees of the Company hired on or after January 1, 2007 are not eligible to participate in the Plan. Employees hired on or after January 1, 2007 participate in an additional benefit under the Company's defined contribution plan, referred to as Retirement Accumulation Accounts (RA Accounts), which utilize a combination of the employee's age and years of credited service to determine the annual contribution made by the Company. Existing employees of the Company as of December 31, 2006 continue their participation in the Plan and are not eligible to participate in the RA Accounts.

Employees hired on or before December 31, 2006 became participants in the Plan on the first April 1 or October 1 after reaching the age of 21 and completion of one year of credited service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

- B. Benefits - Under the terms of the Plan, participants are eligible to receive normal retirement benefits upon reaching age 65 and completing 5 years of credited service. A participant may elect an early retirement date at a reduced benefit upon reaching age 55 and completing 5 years of credited service. The normal form of benefits is a life annuity for single participants and a 50% joint and survivor pension for married participants. Optional forms of benefit payments are available at the election of the participant. Under the provisions of the Plan, benefits are determined by applying factors specified in the Plan to a participant's defined average monthly compensation. The terms of the amended and restated Plan provide that participants who were covered under a prior Plan shall receive a benefit at least equal to that determined under the former agreement. A participant is vested in the Plan after completion of 5 years of credited service. If a vested participant in the Plan dies, a death benefit equal to the value of the participant's accumulated pension benefits is paid to the participant's beneficiary. The method of distribution of the death benefit varies in accordance with Plan specifications.

Note 2. Summary of Significant Accounting Policies

- A. Basis of Presentation - The accompanying financial statements have been prepared on a modified cash basis of accounting and present the net assets available for benefits and the changes in net assets available for benefits. These practices differ from U.S. generally accepted accounting principles as additions to net assets are recognized when received rather than when earned and benefits are recognized when the related check is cashed by the participant.

**RETIREMENT INCOME PLAN FOR EMPLOYEES OF
GRANGE MUTUAL CASUALTY COMPANY**

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (Continued)

- B. Use of Estimates - In preparing the financial statements on a modified cash basis of accounting, the plan administrator is required to make certain estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, the disclosure of contingent assets and liabilities, and the actuarial present value of accumulated plan benefits as of the date of the financial statements. Actual results could differ from those estimates and assumptions.

- C. Investment Valuation and Income Recognition - Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, *Fair Value Measurement and Disclosures*, addresses issues relating to the definition of fair value, the methods used to measure fair value and expanded disclosures about fair value measurements. The definition of fair value in FASB ASC 820 focuses on the price that would be received to sell an asset or paid to transfer a liability, not the price that would be paid to acquire an asset or received to assume a liability. The methods used to measure fair value should be based on the assumptions that market participants would use in pricing an asset or a liability. Fair value disclosures required by FASB ASC 820 are disclosed in Note 5.

Under the terms of the trust agreement between JPMorgan Chase Bank, N.A. (the Trustee) and the Plan, the Trustee holds all fund assets on behalf of the Plan, including cash and cash equivalents. The Plan's assets are invested in registered investment companies, common stocks, bonds, a collective marketable bond fund, and a limited partnership and all are reported at fair value.

Interest and dividend income earned by the Plan's assets is recognized when credited by the Trustee. Unrealized appreciation or depreciation of investments and realized gains and losses are recognized as components of net appreciation or depreciation in fair value of investments.

Purchases and sales of securities are recorded on a trade-date basis. Realized gains and losses are determined using the specific identification method.

- D. Cash and Cash Equivalents - Cash and cash equivalents consist of money market funds managed by JPMorgan Chase Bank, N.A. These money market funds are carried at cost (which approximates fair value) and are considered to be a party-in-interest asset.
- E. Contributions - Contributions from the Company are recognized when received.
- F. Benefits - Benefits are recognized when cashed by participants.
- G. Administrative Expenses - Administrative expenses are borne by the Company.
- H. Reclassifications - Certain reclassifications of 2010 information have been made to conform to the 2011 presentation.

**RETIREMENT INCOME PLAN FOR EMPLOYEES OF
GRANGE MUTUAL CASUALTY COMPANY**

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (Continued)

- I. Risks and Uncertainties - The Plan invests in various types of investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the fair values of such securities will occur in the near-term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits - modified cash basis.

Plan contributions are made and the actuarial present value of accumulated plan benefits is reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near-term could be material to the financial statements.

- J. Subsequent Events - The Plan was evaluated for subsequent events through November 18, 2011, which is the date financial statements were available to be issued. There were no subsequent events that require adjustment to or disclosure in the financial statements.

Note 3. Obligation for Pension Benefits

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to the services employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits payable under all circumstances - retirement, death, disability and termination of employment - are included, to the extent that they are deemed attributable to employee service rendered to the valuation date. Contributions to the Plan are made by the Company in such amounts as have been actuarially determined to fund current costs. Funding for the Plan was calculated using the projected unit credit cost method. Minimum funding requirements as set forth in ERISA have been met.

The actuarial present value of accumulated plan benefits as of and for the plan years beginning April 1, 2010 and 2009 is determined by Towers Watson and is that amount which results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability for payment (by means of decrements such as for death, disability, withdrawal or retirement) between the valuation date and the expected date of payment. The significant assumptions underlying the actuarial present value of accumulated plan benefits at April 1, 2010 and 2009 included: (a) assumed rate of return of 8.0% on plan investments; (b) assumed mortality rates based upon the RP-2000 Combined Healthy Mortality Tables with white collar adjustments for males and females; and (c) assumed retirement using stratified rates from age 55 to 70. The forgoing actuarial assumptions are based on the presumption that the Plan will continue.

**RETIREMENT INCOME PLAN FOR EMPLOYEES OF
GRANGE MUTUAL CASUALTY COMPANY**

NOTES TO FINANCIAL STATEMENTS

Note 3. Obligation for Pension Benefits (Continued)

If the Plan were to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

The actuarial present value of accumulated plan benefits as of April 1, 2010 and 2009 is as follows:

	<u>2010</u>	<u>2009</u>
Actuarial present value of accumulated plan benefits		
Vested benefits:		
Participants currently receiving payments	\$ 10,456,007	\$ 10,001,151
Other participants	<u>49,267,359</u>	<u>44,210,012</u>
	59,723,366	54,211,163
Nonvested benefits	<u>2,974,787</u>	<u>3,148,273</u>
Total actuarial present value of accumulated plan benefits	\$ <u>62,698,153</u>	\$ <u>57,359,436</u>

The net increase in the actuarial present value of accumulated plan benefits for the years ended April 1, 2010 and 2009 resulted from:

	<u>2010</u>	<u>2009</u>
Actuarial present value of accumulated plan benefits at the beginning of the plan year	\$ <u>57,359,436</u>	\$ <u>52,968,769</u>
Increase (decrease) during the year attributed to:		
Benefits accumulated	4,058,199	3,802,583
Actuarial losses	2,051,740	1,677,129
Increase for interest due to decreases in discount period	4,694,771	4,325,141
Benefits paid	<u>(5,465,993)</u>	<u>(5,414,186)</u>
Net increase	<u>5,338,717</u>	<u>4,390,667</u>
Actuarial present value of accumulated plan benefits at the end of the plan year	\$ <u>62,698,153</u>	\$ <u>57,359,436</u>

**RETIREMENT INCOME PLAN FOR EMPLOYEES OF
GRANGE MUTUAL CASUALTY COMPANY**

NOTES TO FINANCIAL STATEMENTS

Note 4. Investments

The following investments represented 5% or more of net assets available for benefits as of March 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Vanguard Institutional Equity Index Fund	\$ 34,796,734	\$ 32,466,577
GMO International Opportunity Equity III Fund	13,866,789	9,027,665
State Street Global Advantage Bond Fund	12,410,627	11,798,918
Barclays AIG Commodities Index Fund	4,775,550	-

During the plan years ended March 31, 2011 and 2010, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in fair value as follows:

	<u>2010</u>	<u>2009</u>
Registered investment companies	\$ 6,930,126	\$ 12,486,554
Common stocks	1,989,328	3,511,312
Bonds	455,612	294,890
Collective marketable bond fund	611,708	913,879
Limited partnership	259,199	608,508
	<u>\$ 10,245,973</u>	<u>\$ 17,815,143</u>

Note 5. Fair Value

FASB ASC 820 provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.
- Level 2: Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

**RETIREMENT INCOME PLAN FOR EMPLOYEES OF
GRANGE MUTUAL CASUALTY COMPANY**

NOTES TO FINANCIAL STATEMENTS

Note 5. Fair Value (Continued)

- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodology used at March 31, 2011 and 2010.

- Registered investment companies: Valued at the net asset value (NAV) of shares held by the plan at the end of the year.
- Common stocks: Valued at observable market quotations for identical assets and are priced on a daily basis.
- Bonds: Valued at closing price reported in the active market in which the individual security is traded.
- Collective marketable bond fund: Valued based on the fair value of the underlying investments within each account, which represents the net asset value of the units held by the Plan at year end. The account manager's objective is to approximate the performance of the Barclays Capital U.S. Aggregate Bond Index over the long-term. There are no unfunded commitments related to the collective marketable bond fund and units are redeemable at net asset value.
- Limited partnership: Based on values provided to the trustee by the investment manager. The limited partnership fair value has been determined using the NAV per share of the investment. Inputs are unobservable and result in disclosure at Level 3. The investment manager's objective is to provide capital appreciation by investing primarily in equity securities. There are no unfunded commitments related to the limited partnership and units are redeemable at net asset value.
- Cash and cash equivalents: Value of money market mutual fund where cost approximates fair value.

**RETIREMENT INCOME PLAN FOR EMPLOYEES OF
GRANGE MUTUAL CASUALTY COMPANY**

NOTES TO FINANCIAL STATEMENTS

Note 5. Fair Value (Continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of March 31, 2011 and 2010:

	March 31, 2011	Fair Value Measurements at March 31, 2011 using:		
		Level 1	Level 2	Level 3
Common stocks:				
Capital equipment	\$ 2,735,333	\$ 2,735,333	\$ -	\$ -
Consumer goods	1,868,641	1,868,641	-	-
Energy	1,739,613	1,739,613	-	-
Finance	1,217,982	1,217,982	-	-
Materials	605,639	605,639	-	-
Services	1,024,807	1,024,807	-	-
Real estate	378,020	378,020	-	-
Miscellaneous	<u>3,997,249</u>	<u>3,997,249</u>	-	-
	<u>13,567,284</u>	<u>13,567,284</u>	-	-
Registered investment companies:				
Commodities	4,775,550	4,775,550	-	-
International	13,866,790	13,866,790	-	-
Institutional	<u>34,796,733</u>	<u>34,796,733</u>	-	-
	<u>53,439,073</u>	<u>53,439,073</u>	-	-
Bonds:				
U.S. treasury securities	8,347,469	8,347,469	-	-
U.S. government agencies	<u>2,882</u>	<u>2,882</u>	-	-
	<u>8,350,351</u>	<u>8,350,351</u>	-	-
Collective marketable bond fund	<u>12,410,627</u>	-	<u>12,410,627</u>	-
Limited partnership	<u>4,428,118</u>	-	-	<u>4,428,118</u>
Cash and cash equivalents	<u>2,886,783</u>	<u>2,886,783</u>	-	-
	<u>\$ 95,082,236</u>	<u>\$ 78,243,491</u>	<u>\$ 12,410,627</u>	<u>\$ 4,428,118</u>

**RETIREMENT INCOME PLAN FOR EMPLOYEES OF
GRANGE MUTUAL CASUALTY COMPANY**

NOTES TO FINANCIAL STATEMENTS

Note 5. Fair Value (Continued)

	March 31, 2010	Fair Value Measurements at March 31, 2010 using:		
		Level 1	Level 2	Level 3
Common stocks:				
Capital equipment	\$ 2,741,077	\$ 2,741,077	\$ -	\$ -
Consumer goods	1,565,809	1,565,809	-	-
Energy	629,830	629,830	-	-
Finance	818,042	818,042	-	-
Gold mines	66,780	66,780	-	-
Materials	620,019	620,019	-	-
Services	1,160,703	1,160,703	-	-
Real estate	194,212	194,212	-	-
Miscellaneous	<u>3,327,633</u>	<u>3,327,633</u>	-	-
	<u>11,124,105</u>	<u>11,124,105</u>	-	-
Registered investment companies:				
Commodities	3,706,980	3,706,980	-	-
International	9,027,665	9,027,665	-	-
Institutional	<u>32,466,577</u>	<u>32,466,577</u>	-	-
	<u>45,201,222</u>	<u>45,201,222</u>	-	-
Bonds:				
U.S. treasury securities	7,777,231	7,777,231	-	-
U.S. government agencies	<u>3,591</u>	<u>3,591</u>	-	-
	<u>7,780,822</u>	<u>7,780,822</u>	-	-
Collective marketable bond fund	<u>11,798,918</u>	-	<u>11,798,918</u>	-
Limited partnership	<u>3,168,919</u>	-	-	<u>3,168,919</u>
Cash and cash equivalents	<u>2,792,840</u>	<u>2,792,840</u>	-	-
	<u>\$ 81,866,826</u>	<u>\$ 66,898,989</u>	<u>\$ 11,798,918</u>	<u>\$ 3,168,919</u>

**RETIREMENT INCOME PLAN FOR EMPLOYEES OF
GRANGE MUTUAL CASUALTY COMPANY**

NOTES TO FINANCIAL STATEMENTS

Note 5. Fair Value (Continued)

The table below sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the years ended March 31, 2011 and 2010:

	<u>Limited Partnership</u>	
	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 3,168,919	\$ 2,560,411
Acquisitions	1,000,000	-
Unrealized gains relating to units still held at the reporting date	<u>259,199</u>	<u>608,508</u>
Balance, end of year	\$ <u>4,428,118</u>	\$ <u>3,168,919</u>

Note 6. Tax Status

The Internal Revenue Service has determined and informed the Company by letter dated April 1, 2002 that the Plan is designed in accordance with applicable sections of the Internal Revenue Code (IRC) and, therefore, is exempt from federal income taxes. Although the Plan has been amended since receiving the determination letter, the plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC.

FASB ASC 740 requires plan management to evaluate tax positions taken to determine if there are any uncertain positions that more likely than not would not be sustained upon examination by the Internal Revenue Service. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of March 31, 2011, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The plan administrator believes the Plan is no longer subject to income tax examinations for years prior to 2007.

**RETIREMENT INCOME PLAN FOR EMPLOYEES OF
GRANGE MUTUAL CASUALTY COMPANY**

NOTES TO FINANCIAL STATEMENTS

Note 7. Plan Termination

While the Company has not expressed any intent to terminate the Plan or to discontinue contributions, it has the right to take such actions, subject to the provisions set forth in ERISA. Should the Plan be terminated at some future time, all participants become 100% vested in benefits earned as of the termination date. Whether a particular participant's accumulated plan benefits will be paid depends on both the priority of those benefits (as described in the Plan) and the level of benefits guaranteed by and the financial condition of the Pension Benefit Guaranty Corporation (PBGC) at that time. Some benefits may be fully or partially provided for by the then existing assets of the Plan and the PBGC guaranty, while other benefits may not be provided for at all.

If the termination is the result of the bankruptcy or near bankruptcy of the Company and the Plan's assets are not adequate to pay all benefits vested prior to the termination, the PBGC will take over the Plan and will pay those benefits that it guarantees. In this case, some participants may receive a smaller benefit than if the Plan had continued.

If, however, the Plan is terminated for any reason other than the bankruptcy or near bankruptcy of the Company and the Plan has insufficient assets, the Company will be required to pay to the Plan an amount which, together with Plan assets, will satisfy all benefits accumulated to the date of the Plan termination.

Note 8. Information Certified by Plan's Trustee

The plan administrator has elected the method of annual reporting compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, the plan administrator has received certifications from JPMorgan Chase Bank, N.A., the Plan's Trustee, that the following data included in the accompanying financial statements and supplemental schedules is complete and accurate:

- Investments, as shown in the Statements of Net Assets Available for Benefits – Modified Cash Basis and Note 4 as of March 31, 2011 and 2010, except for \$1,035,081 and \$1,773,045 of cash and cash equivalents as of March 31, 2011 and 2010, respectively.
- Investment activity, as shown in the Statements of Changes in Net Assets Available for Benefits – Modified Cash Basis and Note 4 for the years ended March 31, 2011 and 2010 except for \$1,332 and \$7,956 in interest income, \$9,596,458 and \$8,555,414 in employer contributions and \$7,835,753 and \$5,465,993 in benefit payments, respectively.
- Schedule H, Line 4i – Schedule of Assets (Held at End of Year) – Modified Cash Basis as of March 31, 2011, except for \$1,035,081 of cash and cash equivalents.
- Schedule H, Line 4j – Schedule of Reportable Transactions – Modified Cash Basis for the year ended March 31, 2011, except for \$10,393,476 of purchases and \$11,131,437 of sales and all individual transactions reported in the schedule.

**RETIREMENT INCOME PLAN FOR EMPLOYEES OF
GRANGE MUTUAL CASUALTY COMPANY**

NOTES TO FINANCIAL STATEMENTS

Note 8. Information Certified by Plan's Trustee (Continued)

As permitted by the election noted above, the Plan's independent certified public accountants did not perform auditing procedures with respect to this information, except for comparing such information with the related information included in the financial statements and supplemental schedules.

Note 9. Related Party Transactions

The Plan holds cash and cash equivalents with JPMorgan Chase Bank, N.A., the trustee of the Plan. Therefore, these transactions qualify as party-in-interest transactions.

Note 10. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of contributions per the financial statements to the Form 5500:

	Years ended March 31,	
	<u>2011</u>	<u>2010</u>
Contributions per the financial statements	\$ 9,596,458	\$ 8,555,414
Plus: Contributions for the plan years ended March 31, 2011 and 2010 that were paid in August 2011 and August 2010, respectively.	4,784,899	4,596,458
Less: Contributions for the plan years ended March 31, 2010 and 2009 that were paid in August 2010 and May 2009, respectively	<u>(4,596,458)</u>	<u>(5,555,414)</u>
Contributions per the Form 5500	\$ <u>9,784,899</u>	\$ <u>7,596,458</u>

Reconciliations between the financial statements and Schedule SB of the Form 5500 are needed because the financial statements are prepared on the modified cash basis of accounting, whereas Schedule SB of the Form 5500 reports the contributions on the accrual basis of accounting.

SUPPLEMENTAL SCHEDULES

**RETIREMENT INCOME PLAN FOR EMPLOYEES OF
GRANGE MUTUAL CASUALTY COMPANY**

Plan number: 001
EIN number: 31-4192970

Schedule II, Line 4i – Schedule of Assets (Held at End of Year) – Modified Cash Basis

March 31, 2011

(a)	(b)	(c)	(d)	(e)
	Identity of issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par, or maturity value	Cost	Current value
	United States Treasury	Bond, 4/15/2032, variable, \$70,000	\$ 100,216	\$ 111,812
	United States Treasury	Bond, 1/15/2025, variable, \$365,000	398,499	478,631
	United States Treasury	Bond, 4/15/2029, variable, \$315,000	504,334	564,574
	United States Treasury	Bond, 1/15/2027, variable, \$170,000	169,478	206,687
	United States Treasury	Bond, 1/15/2029, variable, \$200,000	205,189	232,340
	United States Treasury	Bond, 2/15/2040, variable, \$110,000	111,330	118,496
	United States Treasury	Bond, 4/15/2028, variable, \$255,000	396,854	447,718
	United States Treasury	Bond, 1/15/2028, variable, \$160,000	159,989	171,398
	United States Treasury	Bond, 1/15/2026, variable, \$270,000	259,520	319,707
	United States Treasury	Bond, 7/15/2015, variable, \$230,000	231,814	286,442
	United States Treasury	Bond, 1/15/2016, variable, \$230,000	227,825	281,712
	United States Treasury	Bond, 4/15/2013, variable, \$230,000	226,332	250,756
	United States Treasury	Bond, 1/15/2012, variable, \$90,000	109,547	116,958
	United States Treasury	Bond, 1/15/2014, variable, \$285,000	305,959	370,086
	United States Treasury	Bond, 1/15/2018, variable, \$150,000	157,609	170,466
	United States Treasury	Bond, 7/15/2012, variable, \$365,000	433,991	478,768
	United States Treasury	Bond, 7/15/2014, variable, \$260,000	271,799	333,279
	United States Treasury	Bond, 01/15/2020, variable, \$240,000	245,423	256,231
	United States Treasury	Bond, 7/15/2017, 2.625%, \$210,000	236,097	256,239
	United States Treasury	Bond, 7/15/2016, variable, \$310,000	315,901	383,626
	United States Treasury	Bond, 4/15/2012, 2.000%, \$240,000	254,133	272,286
	United States Treasury	Bond, 4/15/2014, 1.25%, \$255,000	265,599	283,519
	United States Treasury	Bond, 7/15/2020, 1.25%, \$150,000	154,697	156,405
	United States Treasury	Bond, 7/15/2018, 1.375%, \$150,000	137,381	163,085
	United States Treasury	Bond, 4/15/2015, variable, \$140,000	144,012	147,647
	United States Treasury	Bond, 1/15/2019, variable, \$200,000	202,198	228,878
	United States Treasury	Bond, 7/15/2019, variable, \$250,000	269,667	282,805
	United States Treasury	Bond, 1/15/2015, variable, \$260,000	260,506	324,999
	United States Treasury	Bond, 1/15/2017, variable, \$240,000	242,197	295,314
	United States Treasury	Bond, 7/15/2013, variable, \$275,000	293,686	356,605
	Federal National Mortgage Assoc.	Bond, 3/01/2021, variable, \$2,739	2,821	2,882
		Total bonds	7,294,603	8,350,351
	Aerostale Inc.	Common Stock, 7,450 shares	171,072	181,183
	Alaska Air	Common Stock, 2,200 shares	126,706	139,524
	Alliant Energy Corp.	Common Stock, 8,000 shares	267,031	311,440
	Amedisys Inc.	Common Stock, 4,034 shares	166,071	141,190
	Arris Group Inc.	Common Stock, 7,600 shares	85,611	96,824
	Aspen Insurance Holdings	Common Stock, 7,500 shares	207,643	206,700
	Atlas Air Worldwide Holdings	Common Stock, 2,500 shares	134,544	174,300
	Basic Energy Services	Common Stock, 2,800 shares	66,352	71,428
	Buckle	Common Stock, 3,400 shares	118,831	137,360
	Callon Petroleum	Common Stock, 11,100 shares	83,429	86,247
	Cardtronics Inc.	Common Stock, 5,100 shares	83,928	103,785
	Centerpoint Energy Inc.	Common Stock, 15,800 shares	218,351	277,448
	Ceradyne Inc.	Common Stock, 1,600 shares	54,956	72,128
	Chart Industries Inc.	Common Stock, 1,900 shares	40,320	104,576
	Churchill Downs Inc.	Common Stock, 800 shares	29,617	33,200
	Clearwater Paper Corp	Common Stock, 1,900 shares	118,344	154,660
	CMS Energy Corp.	Common Stock, 19,500 shares	273,655	382,980
	Comtech Telecommunications	Common Stock, 4,000 shares	125,564	108,720
	Crown Holdings Inc.	Common Stock, 5,800 shares	135,727	223,764
	Domtar Corp	Common Stock, 1,600 shares	138,000	146,848
	Dresser Rand Group	Common Stock, 2,600 shares	81,677	139,412
	East West Bancorp	Common Stock, 6,500 shares	148,725	142,740
	Echostar Corp.	Common Stock, 3,800 shares	106,759	143,830
	Emcor Group	Common Stock, 6,700 shares	180,291	207,499
	Endo Pharmaceutical Holdings Inc.	Common Stock, 5,500 shares	145,020	209,880
	Energen Corp	Common Stock, 1,800 shares	107,700	113,616
	Enersys Com	Common Stock, 1,800 shares	42,308	71,550

**RETIREMENT INCOME PLAN FOR EMPLOYEES OF
GRANGE MUTUAL CASUALTY COMPANY**

Plan number: 001

EIN number: 31-4192970

Schedule H, Line 4i – Schedule of Assets (Held at End of Year) – Modified Cash Basis

March 31, 2011

(a)	(b)	(c)	(d)	(e)
	Identity of issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par, or maturity value	Cost	Current value
	Esterline Technologies	Common Stock, 900 shares	53,175	63,648
	Foster Wheeler	Common Stock, 2,800 shares	80,236	105,336
	FTI Consulting	Common Stock, 6,500 shares	224,097	249,145
	Gamestop Corp	Common Stock, 7,700 shares	164,256	173,404
	Haemonetics Corp.	Common Stock, 2,800 shares	165,512	183,512
	Hanover Insurance Group Inc.	Common Stock, 4,600 shares	189,747	208,150
	HCC Insurance Holding	Common Stock, 8,800 shares	234,865	275,528
	Henry Jack & Associates	Common Stock, 2,300 shares	72,826	77,947
	Idacorp Inc.	Common Stock, 6,700 shares	250,566	255,270
	IMPAX Laboratories	Common Stock, 6,900 shares	119,110	175,605
	J2 Global Communications Inc.	Common Stock, 6,800 shares	163,592	200,668
	Jabil Circuit	Common Stock, 3,300 shares	67,845	67,419
	Kemet Corp	Common Stock, 9,800 shares	115,059	145,334
	Lender Processing Services Inc.	Common Stock, 4,400 shares	162,735	141,636
	Mantech International Corp	Common Stock, 4,000 shares	170,466	169,600
	Markel Corp.	Common Stock, 400 shares	122,667	165,780
	Medicis Pharmaceutical	Common Stock, 6,500 shares	183,469	208,260
	Mednax Inc.	Common Stock, 4,000 shares	255,131	266,440
	MFA Financial Inc.	Common Stock, 46,100 shares	349,599	378,020
	Net 1 UEPS Technologies, Inc	Common Stock, 5,600 shares	87,402	48,160
	Neutral Tandem Inc.	Common Stock, 9,600 shares	150,125	141,600
	Nisource Inc.	Common Stock, 10,900 shares	187,551	209,062
	Owen Financial Corp.	Common Stock, 9,700 shares	103,899	106,894
	Oge Energy Corp.	Common Stock, 3,400 shares	123,000	171,904
	Omnicare Inc.	Common Stock, 2,200 shares	56,059	65,978
	Oriental Financial Group	Common Stock, 7,700 shares	106,938	96,635
	Orion Marine Group	Common Stock, 8,000 shares	167,075	85,920
	Oshkosh Corp.	Common Stock, 5,600 shares	194,421	198,128
	Partnerre	Common Stock, 2,700 shares	203,536	213,948
	Pinnacle West Capital	Common Stock, 7,700 shares	289,021	329,483
	Power-One Inc.	Common Stock, 19,800 shares	201,994	173,250
	Prosperity Bancshares Inc.	Common Stock, 2,500 shares	102,712	106,925
	Questcor Pharmaceutical Inc.	Common Stock, 6,400 shares	41,540	92,224
	Ralecorp Holdings Inc.	Common Stock, 4,600 shares	285,891	314,778
	Rayonier Inc.	Common Stock, 3,400 shares	143,448	211,854
	Regal Entertainment	Common Stock, 9,600 shares	133,392	129,600
	Renaissance Hldgs	Common Stock, 3,100 shares	197,374	213,869
	Rent-a-Center Inc.	Common Stock, 4,400 shares	132,639	153,604
	Sandridge Energy Inc.	Common Stock, 9,600 shares	104,793	122,880
	Service Corp International	Common Stock, 700 shares	7,761	7,742
	Strum Ruger & Co.	Common Stock, 3,000 shares	40,420	68,910
	Tekelec Inc.	Common Stock, 10,600 shares	162,082	86,072
	Tellabs Inc.	Common Stock, 14,700 shares	90,983	77,028
	Tessera Technologies Inc.	Common Stock, 10,000 shares	203,007	182,600
	Total System Services Inc.	Common Stock, 14,300 shares	257,195	257,686
	True Religion Apparel Inc.	Common Stock, 3,000 shares	62,195	70,410
	Tutor Perini Corp.	Common Stock, 5,700 shares	115,395	138,852
	Unisys Corp	Common Stock, 3,500 shares	92,477	109,270
	United Online Inc.	Common Stock, 11,000 shares	72,068	69,355
	URS Corp.	Common Stock, 3,900 shares	171,604	179,595
	USEC Inc.	Common Stock, 11,800 shares	66,445	51,920
	Valassis Communications	Common Stock, 6,700 shares	216,635	195,238
	Valueclick Inc.	Common Stock, 5,500 shares	60,545	79,530
	Venoco	Common Stock, 8,800 shares	156,684	150,392
	Westar Energy Inc.	Common Stock, 10,500 shares	225,398	277,410
	White Mountains Insurance	Common Stock, 600 shares	197,300	218,520
	Whiting Petroleum Corp.	Common Stock, 2,000 shares	71,840	146,900
	Wiley & Sons	Common Stock, 2,000 shares	89,000	101,680
	Willis Group Holdings	Common Stock, 5,400 shares	165,918	217,944
		Total common stocks	12,140,947	13,567,284

**RETIREMENT INCOME PLAN FOR EMPLOYEES OF
GRANGE MUTUAL CASUALTY COMPANY**

Plan number: 001

EIN number: 31-4192970

Schedule H, Line 4i - Schedule of Assets (Held at End of Year) - Modified Cash Basis

March 31, 2011

(a)	(b)	(c)	(d)	(e)
	Identity of issuer, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par, or maturity value	Cost	Current value
	Barclays AIG Commodities Index Fund	Registered investment companies, 93,000 shares	4,509,802	4,775,550
	GMO International Opportunity Equity III Fund	Registered investment companies, 925,687 shares	9,243,810	13,866,789
	Vanguard Institutional Equity Index Fund	Registered investment companies, 286,936 shares	34,041,017	34,796,734
		Total registered investment companies:	47,794,629	53,439,073
	State Street Global Advantage Bond Fund	Collective marketable bond fund, 555,462 shares	9,217,117	12,410,627
	QIP, Limited	Limited partnership, 3,500 class committed shares	3,500,000	3,423,242
	QIP, Limited	Limited partnership, 750 class committed shares	750,000	753,705
	QIP, Limited	Limited partnership, 250 class standard shares	250,000	251,171
		Total limited partnerships	4,500,000	4,428,118
		Total investments	\$ 80,947,296	\$ 92,195,453
	* JPMorgan Prime Money Market Fund Agency Shares	Cash and cash equivalents	\$ 2,886,783	\$ 2,886,783

* Denotes party-in-interest

The above data is based on information which has been certified as complete and accurate by the plan trustee, JPMorgan Chase Bank, except for \$1,035,081 in cash and cash equivalents.

See accompanying independent auditors' report.

**RETIREMENT INCOME PLAN FOR EMPLOYEES OF
GRANGE MUTUAL CASUALTY COMPANY**

Plan number: 001

EIN number: 31-4192970

Schedule H, Line 4j - Schedule of Reportable Transactions - Modified Cash Basis

Year Ended March 31, 2011

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Identity of party involved	Description of asset (including interest rate and maturity in case of loan)	Purchase price	Selling price	Lease rental	Expense incurred with transaction	Cost of asset	Current value of asset on transaction date	Net gain or (loss)
Category (iii)								
Series of transactions in excess of 5% of the net plan assets								
JPMorgan Prime Money Market Fund	Cash and Cash Equivalents 183 transactions, 21,680,102 shares	\$ 21,680,102	\$ -	\$ -	\$ -	\$ 21,680,102	\$ 21,680,102	\$ -
JPMorgan Prime Money Market Fund	Cash and Cash Equivalents 164 transactions, 21,816,582 shares	-	21,816,582	-	-	21,816,582	21,816,582	-
Category (i)								
Individual transactions in excess of 5% of the Plan's assets								
JPMorgan Prime Money Market Fund	Cash and Cash Equivalents	4,497,590	-	-	-	4,497,590	4,497,590	-
JPMorgan Prime Money Market Fund	Cash and Cash Equivalents	4,896,796	-	-	-	4,896,796	4,896,796	-

The above data is based on information which has been certified as complete and accurate by the plan trustee, JPMorgan Chase Bank, except for \$10,393,476 of purchases and \$11,131,437 of sales of the JPMorgan Prime Money Market Fund in the series of transactions and all individual transactions listed above.

There were no category (ii) or (iv) transactions during the year ended March 31, 2011.

See accompanying independent auditors' report.

SCHEDULE SB ATTACHMENTS

Schedule SB – Statement by Enrolled Actuary

Plan Sponsor	Grange Mutual Casualty Company
EIN/PN	31-4192970/001
Plan Name	Retirement Income Plan for Employees of Grange Mutual Casualty Company
Valuation Date	April 1, 2010
Enrolled Actuary	Michael C. Whelchel
Enrollment Number	11-03510

The actuarial assumptions that are not mandated by IRC § 430 and regulations, represent the enrolled actuary's best estimate of anticipated experience under the plan, subject to the following conditions:

The actuarial valuation, on which the information in this Schedule SB is based, has been prepared in reliance upon the employee and financial data furnished by the plan administrator and the trustee. The enrolled actuary has not made a rigorous check of the accuracy of this information but has accepted it after reviewing it and concluding it is reasonable in relation to similar information furnished in previous years. The amounts of contributions and dates paid shown in Item 18 of Schedule SB were listed in reliance on information provided by the plan administrator and/or trustee.

H:\GRANGE\DBG\ENL\GOV\2011\2010 Schedule SB attachments_EA stmt.doc

Plan Name:	Retirement Income Plan for Employees of Grange Mutual Casualty Company
EIN / PN:	31-4192970 / 001
Plan Sponsor:	Grange Mutual Casualty Company
Valuation Date:	April 1, 2010

SCHEDULE SB (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2010 This Form is Open to Public Inspection
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For calendar plan year 2010 or fiscal plan year beginning 04/01/2010 and ending 03/31/2011

Round off amounts to nearest dollar.

Caution: A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan Retirement Income Plan for Employees of Grange Mutual Casualty Company	B Three-digit plan number (PN) <u>001</u>	
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF Grange Mutual Casualty Company	D Employer Identification Number (EIN) 31-4192970	
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500		

Part I Basic Information			
1 Enter the valuation date: Month <u>4</u> Day <u>1</u> Year <u>2010</u>			
2 Assets:			
a Market value.....	2a		86,409,287
b Actuarial value.....	2b		84,779,270
3 Funding target/participant count breakdown		(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment.....	3a	235	11,915,514
b For terminated vested participants.....	3b	479	10,780,684
c For active participants:			
(1) Non-vested benefits.....	3c(1)		5,373,870
(2) Vested benefits.....	3c(2)		49,712,813
(3) Total active.....	3c(3)	1,158	55,086,683
d Total.....	3d	1,872	77,782,881
4 If the plan is at-risk, check the box and complete items (a) and (b) ☐			
a Funding target disregarding prescribed at-risk assumptions.....	4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor.....	4b		
5 Effective interest rate.....	5	6.57 %	
6 Target normal cost.....	6	4,778,974	

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	Michael C. Whelchel  Signature of actuary	November 10, 2011 Date 11-03510 Most recent enrollment number (216) 937-4000 Telephone number (including area code)
Michael C. Whelchel Type or print name of actuary Towers Watson Delaware Inc. Firm name 1001 Lakeside Avenue, Suite 1900 Cleveland OH 44114-1172 Address of the firm		

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2010
v.092308.1

Part II Beginning of year carryover and prefunding balances		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	13,398,539	6,162,384
8	Portion used to offset prior year's funding requirement (Item 35 from prior year)	3,180,246	0
9	Amount remaining (Item 7 minus item 8)	10,218,293	6,162,384
10	Interest on item 9 using prior year's actual return of <u>30.82%</u>	3,149,278	1,899,247
11	Prior year's excess contributions to be added to prefunding balance:		
a	Excess contributions (Item 38 from prior year)		5,345,271
b	Interest on (a) using prior year's effective rate of <u>6.67%</u>		356,530
c	Total available at beginning of current plan year to add to prefunding balance		5,701,801
d	Portion of (c) to be added to prefunding balance		0
12	Reduction in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (item 9 + item 10 + item 11d - item 12)	13,367,571	8,061,631

Part III Funding percentages			
14	Funding target attainment percentage	14	81.44 %
15	Adjusted funding target attainment percentage	15	108.99 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	94.25 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and liquidity shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
01/03/2011	5,000,000				
08/03/2011	4,784,899				
Totals ▶			18(b)	9,784,899	18(c) 0

19 Discounted employer contributions - see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contribution from prior years	19a	
b Contributions made to avoid restrictions adjusted to valuation date	19b	
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	9,159,427

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No

b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No

c If 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of Quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:			
a Segment rates:	1st segment: 4.35 %	2nd segment: 6.59 %	3rd segment: 6.72 %
			☐ N/A, full yield curve used
b Applicable month (enter code)			21b 0
22 Weighted average retirement age			22 64
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute			

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.		☐ Yes ☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.		☐ Yes ☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.		☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.	27	

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a)	29	
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions)	31	4,778,974
32 Amortization installments:		
Outstanding Balance		Installment
a Net shortfall amortization installment	0	0
b Waiver amortization installment		
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b - item 33)	34	4,778,974
Carryover balance		Prefunding balance
35 Balances used to offset funding requirement	2,096,940	0
36 Additional cash requirement (item 34 minus item 35)	36	2,682,034
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (item 19c)	37	9,159,427
38 Interest-adjusted excess contributions for current year (see instructions)	38	6,477,393
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37)	39	0
40 Unpaid minimum required contribution for all years	40	0

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 22 Description of Weighted Average Retirement Age as of April 1, 2010

See Schedule SB, Part V for retirement rates. The average retirement age for Line 22 was calculated by determining the average age at retirement for those current active participants expected to reach retirement, based on all current decrements assumed.

For the April 1, 2010 actuarial valuation, the average retirement age is 64 as shown below

x	q_x^r	l_x	${}_{x-50}P_{50} = l_x / l_{50}$	$q_x^r * l_x / l_{50}$	$x * q_x^r * l_x / l_{50}$
54	0.00	1,000,000	1.000000	0.000000	0.000000
55	0.01	1,000,000	1.000000	0.010000	0.550000
56	0.01	990,000	0.990000	0.009900	0.554400
57	0.02	980,100	0.980100	0.019602	1.117314
58	0.02	960,498	0.960498	0.019210	1.114178
59	0.02	941,288	0.941288	0.018826	1.110720
60	0.02	922,462	0.922462	0.018449	1.106955
61	0.02	904,013	0.904013	0.018080	1.102896
62	0.23	885,933	0.885933	0.203765	12.633401
63	0.10	682,168	0.682168	0.068217	4.297660
64	0.10	613,951	0.613951	0.061395	3.929289
65	0.75	552,556	0.552556	0.414417	26.937118
66	0.40	138,139	0.138139	0.055256	3.646871
67	0.40	82,883	0.082883	0.033153	2.221276
68	0.40	49,730	0.049730	0.019892	1.352658
69	0.40	29,838	0.029838	0.011935	0.823530
70	1.00	17,903	0.017903	0.017903	1.253198
Average age at retirement					63.751463

Plan Name: Retirement Income Plan for Employees of Grange Mutual Casualty Company
 EIN / PN: 31-4192970 / 001
 Plan Sponsor: Grange Mutual Casualty Company
 Valuation Date: April 1, 2010

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 26

Schedule of Active Participant Data as of April 1, 2010

Attained Age	Years of Credited Service															
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	0		3		3		0		0		0		0		0	
25 - 29	0		29	46,136	29	46,093	0		0		0		0		0	
30 - 34	0		39	60,823	47	61,896	21	45,765	0		0		0		0	
35 - 39	0		29	78,416	58	74,513	38	74,138	16		8		0		0	
40 - 44	0		38	85,157	57	74,209	51	67,146	13		16		5		0	
45 - 49	0		24	80,797	56	71,744	42	69,438	9		27	66,792	23	59,845	9	
50 - 54	0		19		47	72,140	33	66,686	12		25	58,733	16		26	58,466
55 - 59	0		11		36	71,496	41	69,713	16		23	63,200	12		13	69,892
60 - 64	0		5		14		15		8		8		3		10	
65 - 69	0		1		7		6		3		0		0		0	
70 & Over	0		0		1		1		0		0		0		0	

Plan Name:
 EIN / PN:
 Plan Sponsor:
 Valuation Date:

Retirement Income Plan for Employees of Grange Mutual Casualty Company
 31-4192970 / 001
 Grange Mutual Casualty Company
 April 1, 2010

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V- Line 23 Statement of Actuarial Assumptions/Methods

Plan Sponsor

Grange Mutual Casualty Company

Plan Name

Retirement Income Plan for Employees of Grange Mutual Casualty Company

EIN/PN

31-4192970/001

Discount Rates

Current plan year PPA effective interest rate: 6.57%

Prior plan year PPA effective interest rate: 6.67%

3-Segment Rates (without transition) and

Applicable month: April 2010

1st segment rate 4.35%

2nd segment rate 6.59%

3rd segment rate 6.72%

For determination of the funding target for the 2009 annual funding notice and the 2010 variable rate premium, the 3-segment rates (non-averaged) prescribed for April 2010 were used as shown below:

1st segment rate 2.29%

2nd segment rate 5.65%

3rd segment rate 6.58%

See "Form of Payment" for a description of the discount rate used for determining lump sum payments.

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Assumed cost of living adjustments

0.00%

Inclusion date

The valuation date coincident with or next following the date on which the employee becomes a participant.

Administrative expenses

The amount included this year for plan-related expenses is \$0.

Mortality

For target liability, the prescribed mortality assumption under Section 430(h)(3)(A) of the Internal Revenue Code based on static tables with separate mortality rates for annuitants and non-annuitants has been used.

See "Form of Payment" for a description of the mortality table used for determining lump sum payments.

Retirement

It was assumed that participants will retire based on the following rates.

Attained Age	Percentage Retiring
55	1%
56	1%
57	2%
58	2%
59	2%
60	2%
61	2%
62	23%
63	10%
64	10%
65	75%
66	40%
67	40%
68	40%
69	40%
70 & Older	100%

Average Retirement Age 63.75 years old

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Disability rates (per 1,000 employees)

The DP-1985 Disability Table, male and female rates. The rates at the following illustrative ages indicate the disability incidence assumptions used:

Rate per 1,000 Employees		
Age	Males	Females
20	.29	.30
25	.38	.47
30	.48	.80
40	1.17	2.11
50	3.58	5.33
55	7.22	9.52
60	12.56	11.59

Compensation increases

Future compensation is based on the following representative age-based table:

Age	Annual Increase
Under 25	8.0%
25-29	7.6%
30-34	6.6%
35-39	5.6%
40-44	4.8%
45-49	4.3%
50-54	4.0%
55-59	3.8%
Above 59	3.5%

Future increases in Social Security

For purposes of determining target normal cost and the additional funding target for maximum deductible contribution purposes, the national average wage index is assumed to increase by 3.50% per annum.

Future increases in Maximum Benefits and Plan Compensation Limitations

Accrued benefits projected to be paid in future years are limited to the maximum presently allowed under IRC Section 415. Plan compensation is limited to the maximum presently allowed under IRC Section 401(a)(17). No provision is made for future increases in the maximum annual benefit or compensation limit.

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Representative termination rates (per 100 employees) not due to disability, retirement or mortality

Years of Service	Rate per 100 Employees
0	16.3
1	14.4
5	8.4
10	3.9
15	2.9
20	2.1
25	1.4
30	0.7
35 and over	0.0

Form of payment

75% of participants reaching retirement are assumed to elect a lump sum payment; with the assumed interest rate in effect at distribution equal to 5.75% (FAS35) or valuation rate (funding target and target normal cost) and the "applicable mortality" under IRC Section 417(e)(3). All remaining participants are assumed to elect the normal form.

Lump sums were valued using the substitution of annuity form under Proposed IRC §1.430(d)-1(f)(4) without application of generational mortality and without recognition of the phase-in of IRC §417(e)(3) assumptions. The rates used for actual lump sum disbursements during the current plan year are:

1st segment rate 3.23%
2nd segment rate 5.22%
3rd segment rate 5.72%.

Marriage

For purposes of valuing the pre-retirement surviving spouse's benefit, 85% of male and 50% of female participants are assumed to be married and male spouses are assumed to be three years older than female spouses.

Employees

It was assumed that there will be no new or rehired employees.

Plan compensation

Compensation assumed paid in the current year beginning on the valuation date is the current annual rate of pay.

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Asset method

Under this method, the valuation assets are equal to the average of three values (all determined without regard to receivable contributions), the result increased by the discounted present value of contributions expected to be made after the valuation date based on the prior plan year PPA effective interest rate. This amount is then subject to a 10% corridor around the market value of assets (including the discounted present value of receivable contributions) as of the valuation date. The three values used to develop the average value are: the market value of assets as of the current valuation date, the adjusted market value of assets as of the prior valuation date and the adjusted market value of assets as of the second prior valuation date. The adjusted market value as of a relevant valuation date is equal to the market value of assets as of the prior valuation date increased by actual plan contributions and assumed return on plan assets and decreased by actual plan disbursements after that date until the current valuation date. The assumed rate of return on plan assets for the prior plan year (pursuant to IRS Notice 2009-22) was 6.80%, which is the lesser of the anticipated rate of return on assets for the plan year, equal to 8.00%, and the applicable limitation for the plan year, equal to 6.80%. The assumed rate of return on plan assets for the second prior plan year (pursuant to IRS Notice 2009-22) was 6.52%, which is the lesser of the anticipated rate of return on assets for the plan year, equal to 8.00%, and the applicable limitation for the plan year, equal to 6.52%. Because expected investment returns under this method are limited under WRERA, over time it is more likely to produce an actuarial value that is expected to be less than the market value of assets.

Participant data

Employee data was supplied by Grange as of the census date via a secure transfer system. Data on persons receiving benefits was supplied by Grange via a secure transfer system.

Tax policy

The actuarial valuation performed for the plan year ending March 31, 2011 is used to determine the maximum deductible contribution for the tax year ending December 31, 2010.

Benefits not included in valuation

We believe that we have reflected all significant Plan provisions in this valuation.

Nature of actuarial calculations

The results documented in this report are estimates based on data that may be imperfect and on assumptions about future events. Certain plan provisions may be approximated or deemed insignificant and therefore are not valued. Assumptions may be made about participant data or other factors. Reasonable efforts were made in this valuation to ensure that items that are significant in the context of the actuarial liabilities or costs are treated appropriately, and not excluded or included inappropriately.

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A range of results, different from those presented in this report could be considered reasonable. The numbers are not rounded, but this is for convenience only and should not imply precision, which is not inherent in actuarial calculations. Certain percentages determined in this report, such as the Funding Target Attainment Percentage, are truncated to be consistent with the instructions for Schedule SB of the Form 5500.

The assumptions selected for this valuation other than those prescribed by law, generally reflect long-term average expectations. If overall future plan experience is less favourable than assumed, the relative level of plan costs or contribution requirements determined in this valuation will likely increase in future valuations. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for the measurements (such as the end of an amortization period); and changes in plan provisions or applicable law. It is beyond the scope of this actuarial valuation to analyze the potential range of future pension contributions, but we can do so upon request.

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Schedule SB, Part V Summary of Plan Provisions

Plan Sponsor

Grange Mutual Casualty Company

Plan Name

Retirement Income Plan for Employees of Grange Mutual Casualty Company

EIN/PN

31-4192970/001

Effective Date and Most Recent Amendment

The effective date is April 1, 1958 and has been as amended and restated effective April 1, 2006. The Plan was amended to apply the pay and benefit limit provisions from EGTRRA retroactively. Effective January 1, 2007 the Plan was closed to new participants hired on or after January 1, 2007.

Plan Year

The twelve-month period ending March 31, 2011.

Coverage and Participation

Each employee who has reached age 21 with one year of service shall become a participant on the following April 1 or October 1. Effective January 1, 2007 the Plan was closed to new participants hired on or after January 1, 2007. Employees hired before January 1, 2007 may participate upon meeting the Plan's eligibility requirements. In addition, a participant who is re-employed on or after January 1, 2007 shall not resume active participation in the Plan.

Benefit Service

For a full time employee, Benefit Service is credited based on elapsed time of continuous employment to years and completed months.

For a part-time or temporary employee, one year of Benefit Service is credit for each Benefit Computation Period in which the employee completed 1,000 hours of service.

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Vesting Service

One year of Vesting Service is credited for each Vesting Computation Period in which the employee completes 1,000 hours of service.

Final Average Compensation/Salary

"Final average pay" equals the average of regular monthly salary during the 60 consecutive months within the participant's last 120 months of employment which produce the highest average. The maximum compensation considered for any year is subject to qualified plan limits.

Normal Retirement Benefit

Eligibility:

Eligible at age 65 with five years of Plan participation. (Normal Retirement Date is the first of the month following this date.)

Benefit:

The pension benefit available at normal retirement is based on the following formula:

	1.375% of final average pay plus 0.625% of final average pay over Social Security Covered Compensation	times	Benefit Service up to 20 years
plus	0.5% of final average pay plus 0.5% of final average pay over Social Security Covered Compensation	times	Benefit Service from 20 to 35 years
plus	0.5% of final average pay	times	Benefit Service from 35 to 40 years

The benefit produced by the above formula will be held to a minimum of the benefit accrued as of March 31, 1989 determined in accordance with the provisions of the prior plan.

The benefit for a participant who retires or terminates on or after April 1, 1994 will not be less than his accrued benefit determined as of March 31, 1994 (subject to the pre-1994 compensation limitation of \$235,840) plus accruals on or after April 1, 1994 based on compensation subject to current qualified plan limits.

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Employees formerly covered under the Ohio State Grange Plan receive the greater of: (1) benefits calculated under the Grange Mutual Plan with service beginning at January 1, 1993; or (2) benefits calculated under the Grange Mutual formula using both Ohio State Grange and Grange Mutual service (with a guarantee of the accrued Ohio State Grange benefits as of December 31, 1992), less the benefits paid under the terminated Ohio State Grange Plan.

Deferred Retirement

Eligibility:

Eligible if employment continues after the Normal Retirement Date.

Benefit:

The deferred retirement benefit is the greater of the accrued benefit as of the Normal Retirement Date, actuarially increased for each full calendar month of employment after such date, payable at actual retirement, or the accrued benefit at actual retirement.

Accrued Benefits

The benefit determined under "Normal Retirement" based on Benefit Service and Average Compensation at the given date as though employment terminated on such date and payable as a single life annuity commencing at normal retirement age.

Early Retirement Benefit

Eligibility:

Eligible at age 55 with five years of vesting service.

Benefit:

The early retirement benefit is the accrued normal retirement benefit, based on benefit service at early retirement, reduced by 1/180 per month for the first 60 months and 1/360 per month for the next 60 months that commencement precedes Normal Retirement Date.

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Disability Benefit

Eligibility:

Eligible after ten years of vesting service.

Benefit Before Normal Retirement:

The participant continues to accrue Benefit Service while receiving payments from the company's long term disability insurance plan.

Benefit After Normal Retirement:

The disability retirement benefit is computed in the same fashion as the vested termination benefit.

Death of Disabled Participant Prior to Normal Retirement:

Treated the same as a death benefit for participants in active service.

Vested Benefits Upon Termination of Service

Eligibility:

Eligible after five years of vesting service.

Benefit:

The vested termination benefit is the accrued normal retirement benefit based on benefit service at termination and payable at Normal Retirement Date; or if elected, payable as early as age 55 reduced by 1/180 per month for the first 60 months and 1/360 per month for the next 60 months that commencement precedes Normal Retirement Date.

Death Benefits for Participants in Active Service

Eligibility: Eligible at any age with five years of vesting service.

Benefit: The pre-retirement death benefit is paid to the spouse, who receives a monthly lifetime pension equal to 50% of the reduced amount the participant would have received if he had retired as of the date of his death with the 50% joint and survivor form of annuity in effect, except that if the participant dies prior to age 55, the benefit will be payable commencing on the first day of the month following the date upon which the participant would have attained age 55.

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Optional Forms of Retirement Income in Lieu of Normal Form

The normal form is a straight-life annuity; however, a married participant will receive his benefit in the form of a 50% joint and survivor annuity (actuarially reduced from the straight-life amount) unless he elects otherwise.

In lieu of the normal form, a participant may elect to receive a reduced amount of benefit payable during the lifetime of the participant, and following his death a percentage (not to exceed 100%) will be payable to his surviving joint annuitant for life. In addition, a reduced straight life annuity with a 10 year guarantee is available.

Also, a lump sum payment option is available to a participant retiring under the normal retirement, deferred retirement, or early retirement provisions.

1994 Voluntary Early Retirement Program

Employees who retired under the 1994 window program received a monthly supplement of \$400 payable until age 65 and early retirement benefits payable in full at the current age, plus a special pension service bonus.

Changes in Plan Provisions since Last Actuarial Valuation

Effective December 1, 2009, an actuarially equivalent straight life annuity with a 10 year payment guarantee was added as an optional form.

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