



A
PORTRAIT
OF
INTEGRITY



2013 ANNUAL REPORT

EXECUTIVE LEADERSHIP TEAM

JILL WAGNER
President

BRENT HAMMER
Controller

STEVE KLINGEMANN
Vice President of Personal Lines

CHRISTIAN MARTIN
Vice President of Claims

TIM MCADOW
Director of Communications

ANDY OTT
Vice President of Commercial Lines

PRESIDENT'S MESSAGE

Once again 2013 was a year of significant accomplishments for Integrity. The laser-like focus on providing the ultimate customer experience by our associates and the best network of independent agents in Iowa, Minnesota and Wisconsin was rewarded by achieving a record level of Direct Written Premium, rising 12.5% to \$135,099,000. We achieved this growth while delivering a Net Combined Operating Ratio of 94.5%. During the year we also hit a high water mark for policies in force — all signs our service, strategy and position in the market is strong.

I'm also happy to report our policyholders and agents can be confident in Integrity's financial strength. Combined with our affiliation partner, Grange Mutual Casualty Company, our enterprise surplus finished the year over \$1 billion for the first time in history. The affiliation also continued to deliver efficiencies and resources that added distinct value in our regional footprint.

Product development took center stage during the year as we launched an enhanced Businessowners Policy, BusinessAssure[®], in the first quarter. This release exceeded all of our expectations and continues to fuel Integrity commercial lines growth, providing clear benefits for our agents and policyholders.

As we look to 2014, product development will again be a major focus as we release enhancements to our auto product, PinPoint Auto[®]. We listened to our agents and in addition to product enhancements, we will offer new automation tools in the quote and on-boarding process, taking Ease of Doing Business[®] (EODB) to an even higher level. Proving we are already performing in EODB, you voted Integrity a top ten carrier for the second year in a row in Deep Customer Connections' annual survey. You helped to distinguish Integrity Insurance in a field of over 200 property and casualty insurers and we thank you for recognizing our efforts.

All of this success is rooted in the daily execution by our people. I feel passionately that **you don't build a company. You build people and they will build a company.** This is the foundation of Integrity's success. Integrity is pleased to have great people across the entire organization. We tried to give you a glimpse of these people with our PORTRAITS OF INTEGRITY in the following pages. This is the team that makes us different — our associates, our agents and ultimately our policyholders. Thank you for all you've done to be a true partner with Integrity Insurance.



Jill Wagner
Jill Wagner
President



PORTRAIT OF
INTEGRITY

Steve Klingemann
Vice President of
Personal Lines



Vida Schneider (L) and Jim Mueller (R) from CRW Insurance & Financial Services meet with Underwriter Andrea McHugh.

Personal Lines

KEEPING PROTECTION in the PICTURE

Our focus on providing the ultimate customer experience helped to increase our Direct Written Premium by 7.8% in 2013 across all major lines of business. Integrity's commitment to the independent agent channel helped us to reach new policyholders and drove improvements in policy retention. This success was achieved in a responsible manner, with a Net Combined Operating Ratio of 90.9% in our Personal Lines business unit.

We recognize our policyholders' needs change in the evolving world, so we understand our product offerings need to remain relevant.

We spent much of 2013 developing and enhancing our preferred auto product and now look to begin a stepped launch of the product

mid-2014. We are excited that technology and ease of use elements from this enhancement will ripple through many of Integrity's future product launches.

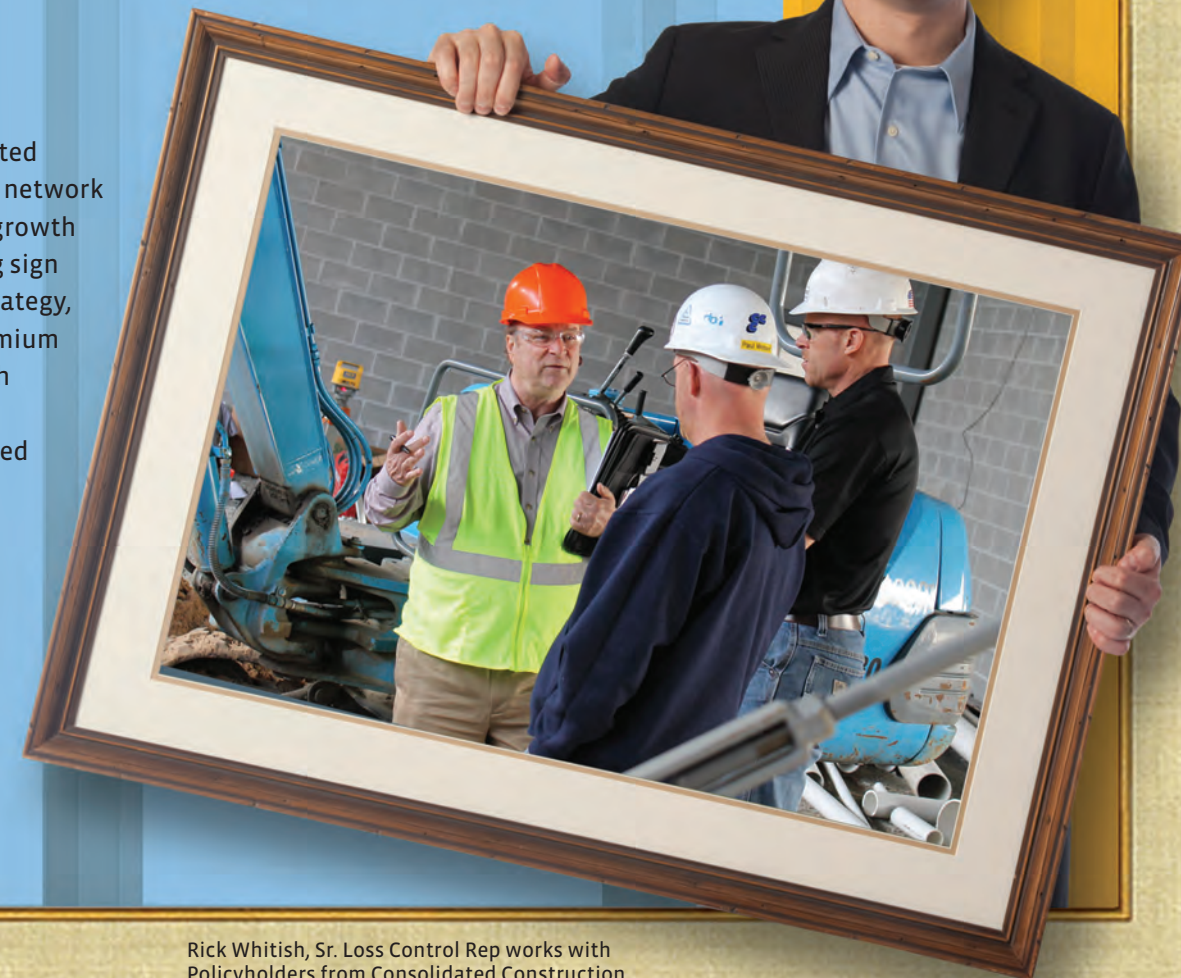
Commercial Lines

PROVIDES FRAMEWORK for SUCCESS

Our Commercial Lines (CL) team once again posted record growth in 2013. In concert with the best network of independent agents in our states, we drove growth of 25 points when compared to 2012. In a strong sign that agents and policyholders believe in our strategy, our results were boosted by a stellar 91.6% premium retention ratio. These results were coupled with bottom-line performance that exceeded set objectives and resulted in an overall Net Combined Operating Ratio of 98.9% in the CL unit.

The 2013 launch of our enhanced Businessowners Policy, BusinessAssure®, drew wide acclaim from our agency partners, reinforcing our position as both a small and mid-market carrier of choice. The success of our field underwriting program in 2013 will drive us to expand that important differentiator as we continue to hire and train top-level underwriting talent.

Andy Ott
Vice President of
Commercial Lines



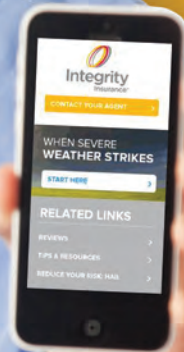
Rick Whitish, Sr. Loss Control Rep works with Policyholders from Consolidated Construction.

Christian Martin
Vice President of
Claims

Claims

INTEGRITY GETS AHEAD of the CLAIM

Our team continues to deliver an empathetic, efficient and accurate claims experience for our policyholders. We understand that customers' needs are unique and we tailor our approach to best meet each policyholder's preferences.



As a result of gains in workflow efficiencies and technology investment, in 2013 we were able to accelerate key elements of the claims process, delivering a smoother and more efficient claims experience and providing new online tools like our Workers' Compensation Medical provider database. Billing and other alerts available for all policyholders using their My Integrity account are now delivering critical information as well as severe weather notifications that can help avoid a claim all together, protecting families and workers.



Sales & Marketing

CONNECTING WITH our AGENTS

Integrity's commitment to the independent agent channel allows us to focus energy in optimizing our partnership. We invest significant time and resources in staying connected and listening to our agents — using that feedback to develop, validate and communicate our strategy.

A great example of this in 2013 was the launch of Integrity's digital inbound marketing initiative. Our innovative approach was developed based on agencies' desire to improve online search results and deliver value-added content that could be leveraged to generate highly qualified leads.

FINANCIAL RESULTS

BALANCE SHEET

(DOLLARS IN THOUSANDS)
DEC. 31, 2013 DEC. 31, 2012

ADMITTED ASSETS

BONDS	\$ 57,967	\$ 55,054
STOCKS	12,503	11,503
REAL ESTATE	1,423	1,578
CASH AND SHORT-TERM INVESTMENTS	3,953	4,173
AGENTS' BALANCES/PREMIUM DUE*	8,674	7,793
ACCRUED INVESTMENT INCOME	537	465
OTHER ASSETS*	6,400	5,151
TOTAL ADMITTED ASSETS	\$ 91,457	\$ 85,717

LIABILITIES & POLICYHOLDERS' SURPLUS

RESERVE FOR LOSSES AND LOSS EXPENSES*	\$ 21,826	\$ 20,280
UNEARNED PREMIUMS*	17,938	16,568
ACCRUED EXPENSES, ACCOUNTS PAYABLE AND OTHER LIABILITIES*	8,650	8,633
TOTAL LIABILITIES	48,415	45,481
POLICYHOLDERS' SURPLUS*	43,042	40,236
TOTAL LIABILITIES AND POLICYHOLDERS' SURPLUS	\$ 91,457	\$ 85,717

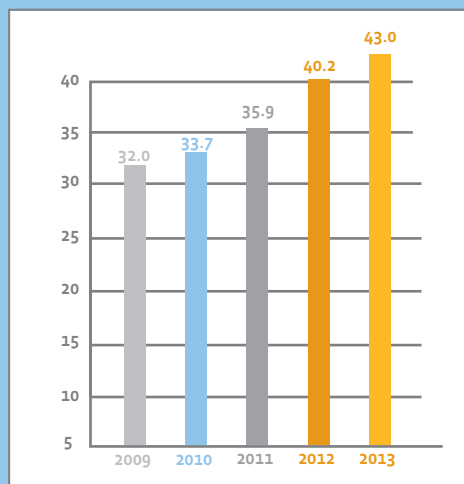
(DOLLARS IN THOUSANDS)
DEC. 31, 2013 DEC. 31, 2012

STATEMENTS OF INCOME

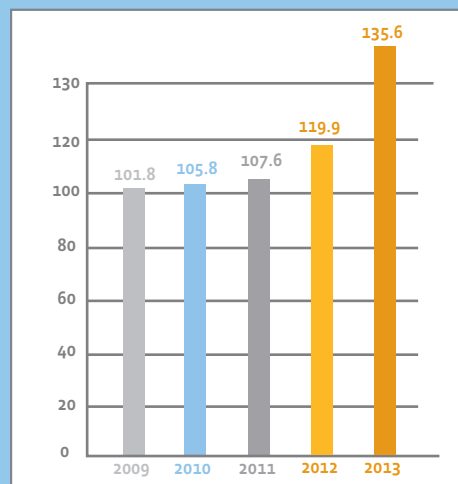
PREMIUMS EARNED*	\$ 44,222	\$ 41,387
LOSSES*	(24,377)	(24,010)
LOSS ADJUSTMENT EXPENSES*	(5,229)	(4,550)
OTHER UNDERWRITING EXPENSES*	(14,622)	(13,328)
NET UNDERWRITING GAIN (LOSS)*	(6)	(501)
NET INVESTMENT AND OTHER INCOME*	3,543	3,530
DIVIDENDS TO POLICYHOLDERS*	(130)	(126)
FEDERAL INCOME TAXES*	(1,118)	(302)
NET INCOME*	\$ 2,290	\$ 2,601

STATEMENTS OF CHANGE IN SURPLUS

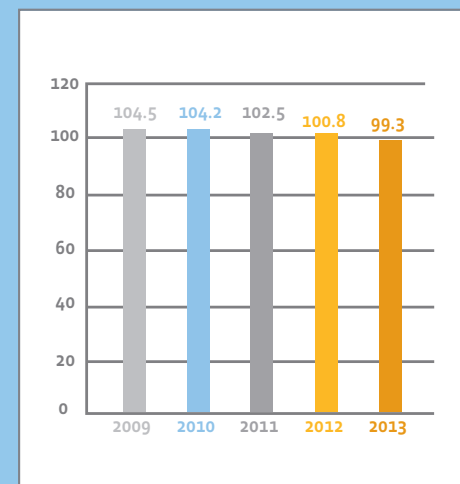
POLICYHOLDERS' SURPLUS BEGINNING OF YEAR	\$ 40,236	\$ 35,876
NET INCOME*	2,290	2,601
CHANGE IN UNREALIZED GAINS	(14)	1,395
CHANGE IN NET DEFERRED INCOME TAX*	491	(376)
CHANGE IN NON-ADMITTED ASSETS*	331	291
CHANGE IN MINIMUM PENSION LIABILITY	(292)	450
POLICYHOLDERS' SURPLUS, END OF YEAR*	\$ 43,042	\$ 40,236



Surplus* Dollars in Millions



Direct Written Premium Dollars in Millions



Combined Ratio*

*Represents Pooled Results with Grange Enterprise

INTEGRITY LEADERSHIP CIRCLE AGENTS

The Pinnacle of Partnership

ANSAY & ASSOCIATES, LLC • BRUMMEL, MADSEN & ASSOCIATES, INC.

COREY-BURSTAD INSURANCE AGENCY • COURI INSURANCE AGENCY

CRW INSURANCE & FINANCIAL SERVICES • FIRST ASSOCIATED INSURANCE AGENCIES

HNI RISK SERVICES, LLC • HOLDEN INSURANCE AGENCY • HOLMES MURPHY & ASSOCIATES, INC.

INDIANHEAD INSURANCE AGENCY, INC. • INSURANCE ADVISORS

JENSEN-SUNDQUIST INSURANCE AGENCY • KLEIN & FLEMING INSURANCE SERVICES

KUNKEL & ASSOCIATES, INC. • MEL FOSTER COMPANY INSURANCE • NOVAK AGENCY, INC.

R & R INSURANCE SERVICES, INC. • SCHWARZ INSURANCE AGENCY • THE DANA COMPANY

THE INSURANCE CENTER • TRICOR INSURANCE & FINANCIAL

WESTLAND INSURANCE SERVICES

Integrity Insurance established in 1933 and is based in Appleton, Wisconsin.

Integrity offers auto, home and business insurance through a network of independent agents in Iowa, Minnesota and Wisconsin. With an affiliate partner Grange Insurance based in Columbus, Ohio, the enterprise has \$2 billion in assets and \$1 billion in annual revenue and holds an A.M. Best rating of "A" Excellent.

For more information, visit www.integrityinsurance.com.



The way it should be.®

2121 East Capitol Drive Appleton, Wisconsin 54911

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