



ANNUAL REPORT 2018



**Grange
EnterpriseSM**



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WELCOMING A BRAND-NEW DAY.

Every sunrise brings a fresh opportunity. Whether it's a seamless customer experience or a new technology bursting into our marketplace, we approach them with the same enthusiasm necessary to continue driving results.

Grange's path forward continues by combining the lessons of 80+ years of experience with the excitement and passion a new day of challenges brings to life.

PROVIDING PEACE OF MIND AND PROTECTION DURING LIFE'S UNEXPECTED EVENTS.

BRINGING SECURITY TO OUR CUSTOMERS SINCE 1935

For more than 80 years, Grange has been a source of protection, trust and stability for its customers. Today, combined with our affiliate, Integrity Insurance, we offer customers business, auto, home and life insurance in 13 states. And because we believe that our customers deserve only the best counsel and partnership in making these decisions, we sell our products exclusively through Independent Agents.

WE ARE COMMITTED, CONNECTED, PARTNERS FOR OUR AGENTS.

WE ARE COMMITTED

With an "A" Excellent Rating from A.M. Best and nearly \$3 billion in assets, Grange is a stable, reliable partner that makes decisions based on doing what's right for our agents and customers.

WE ARE CONNECTED

And while we have the stability of a larger carrier, we're still small enough to know our agents and their individual business needs. Whether it's our easy-to-use online platforms, specialized claims representatives or dedicated underwriters, Grange is connected to its agents.

WE ARE PARTNERS

Grange Independent Agents get more than a carrier, they get a partnership. We respect the sacred relationship between agent and client, and that at each interaction, we represent our agents.



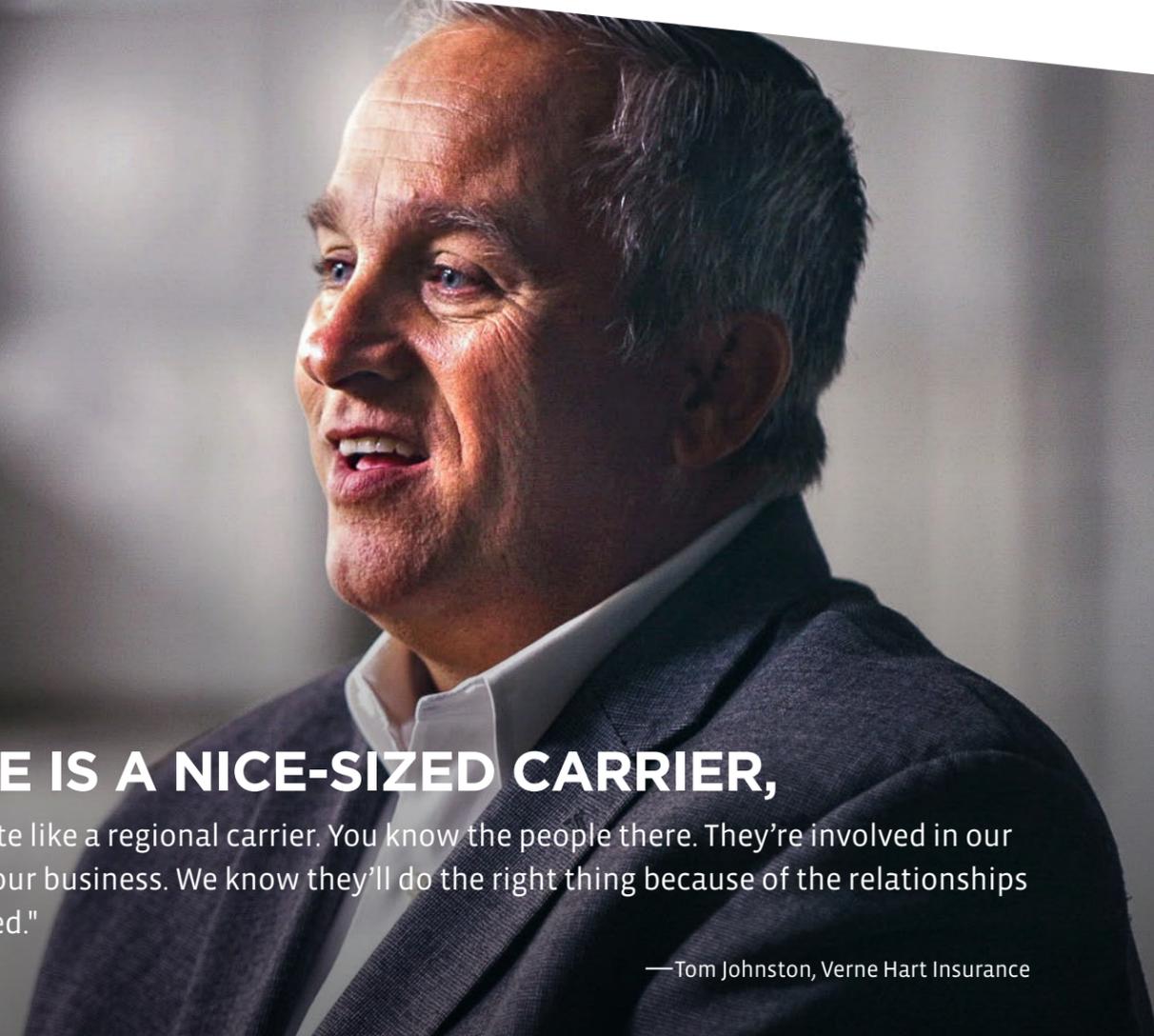
TRUSTED ADVISORS.

INDEPENDENT AGENTS ARE A VALUED SOURCE OF EXPERTISE AND EDUCATION

Grange understands and supports the relationship between an agent and their client, and believes this bond is an integral part of our short- and long-term strategy. That's why we build unique relationships that focus on the Ease of Doing Business® for our agents while remaining a stable, consistent partner.

With a long history of partnering with Independent Agents, Grange is big enough to offer the stability of a larger insurance carrier, but small enough to connect with our agents like a small business. We partner with only the best agencies and seek out their feedback to help us make important decisions.

In today's ever-changing economy, we know that partnering with Independent Agents is the way forward. Given the shift in risk caused by technology and consumer trends, the role of an agent as an experienced advisor is more important now than ever. Customers are relying on their agents to help them navigate the sharing economy and the continuing internet of things to make sure they have the appropriate coverages.



“GRANGE IS A NICE-SIZED CARRIER,

but they operate like a regional carrier. You know the people there. They're involved in our agency and in our business. We know they'll do the right thing because of the relationships we've developed.”

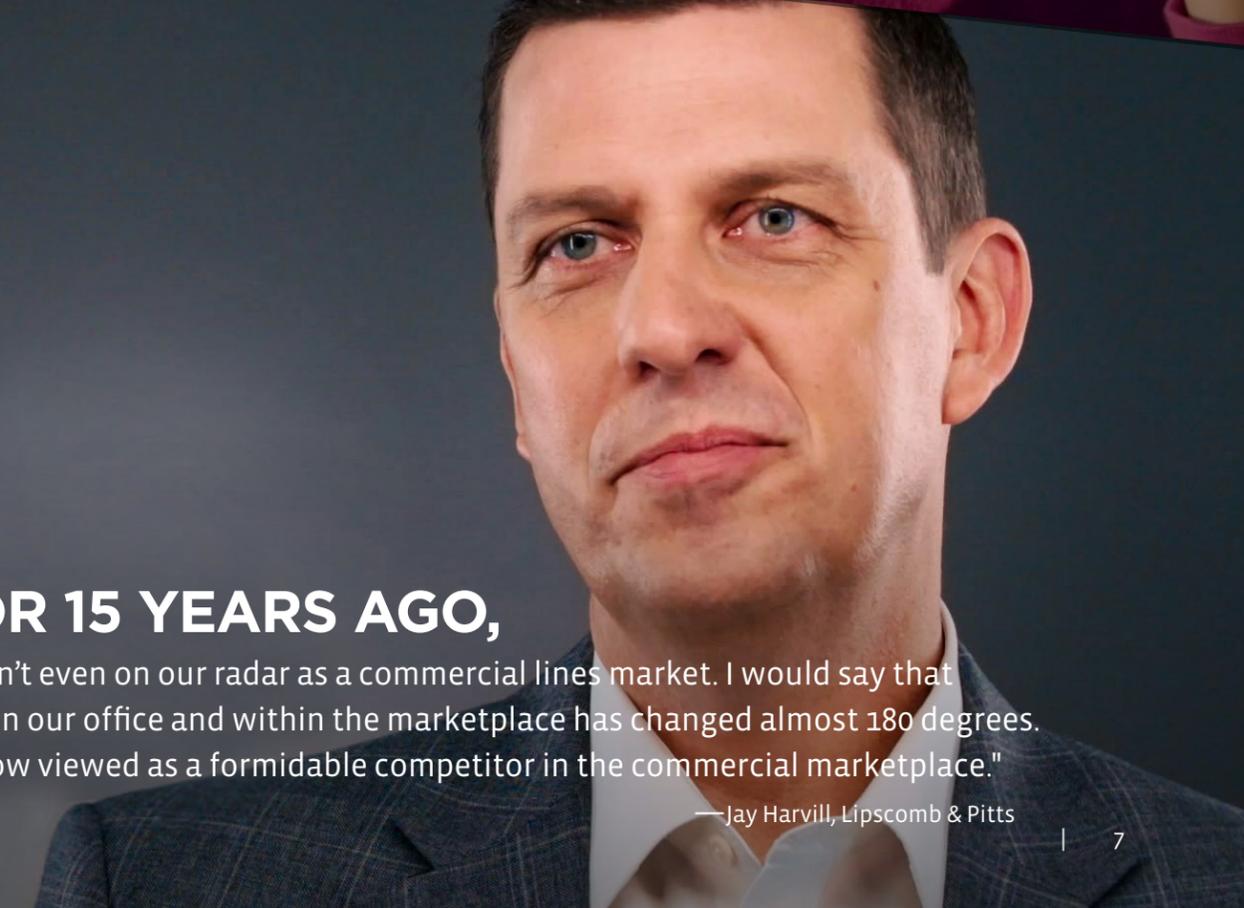
—Tom Johnston, Verne Hart Insurance



“YOU CAN GET A QUOTE ON THEIR AUTO OR HOME PRODUCTS IN A MATTER OF MINUTES.

And on top of that their products are extremely customizable.”

—Christina Bernard, Cobos Insurance Center



“TEN OR 15 YEARS AGO,

Grange wasn't even on our radar as a commercial lines market. I would say that perception in our office and within the marketplace has changed almost 180 degrees. Grange is now viewed as a formidable competitor in the commercial marketplace.”

—Jay Harvill, Lipscomb & Pitts



A MESSAGE FROM THE PRESIDENT & CEO

As dramatic change permeates every aspect of the customer experience, our industry must continue to evolve rapidly. Customers desire mobile friendly “Amazon-like experiences” for nearly all transactions. Silicon Valley continues to give rise to market accelerators and disruptors at a record pace. The sharing and gig economy along with the advent of IoT (Internet of Things) creates an evolution of risk that leaves coverage gaps and opportunities. At Grange, we’re committed to ensuring that our business and our agents are *certain thriving survivors* in this sea of change. We know that what got us where we are today, won’t take us where we need to go in the future. And that’s why we accelerated our journey of modernization and transformation last year.

Our enterprise met industry challenges from a position of great strength. In 2018, we grew profitably to \$1.24 billion in premium and delivered a combined ratio of 93.1%. Our growth was a combination of new business and policyholder retention increasing versus prior year. We also achieved an all-time high year-end policyholder surplus of \$1.37 billion along with a record level of invested assets. The industry’s rating agency, A.M. Best, recognized Grange’s operational capability and financial strength by affirming an “A” (Excellent) rating with a stable outlook.

“AT GRANGE, WE’RE COMMITTED TO ENSURING THAT OUR BUSINESS AND OUR AGENTS ARE CERTAIN THRIVING SURVIVORS IN A SEA OF CHANGE. WE KNOW THAT WHAT GOT US WHERE WE ARE TODAY, WON’T TAKE US WHERE WE NEED TO GO IN THE FUTURE.”

Our strong financial position enabled us to undertake several significant changes to “future-proof” our business. First, we sold Grange Life to Kansas City Life and started a strategic partnership providing better products and services to our agents and their clients. This new relationship also allows us to increase the focus on our core P&C business. Second, we transitioned our enterprise into a Mutual Holding Company, giving us greater opportunities to grow, invest, scale and flex to meet future needs. This new structure brings great benefits as it extends mutuality rights to all policyholders, just as things were when Grange was formed more than 80 years ago. Third, we began an extensive upgrade of all our core systems allowing us to be more effective and responsive to our agents and customers. Together, these changes position us to deliver world-class digital experiences to customers at their moments of truth.

In 2018, we made great strides towards our vision of being a balanced, bigger and bolder enterprise. In the last year, we achieved greater *balance* between our personal and commercial lines of business while improving our geographic diversity. We also grew *bigger*, responsibly, fueled by our commercial and personal lines divisions.

We continued to be *bold* by embracing innovation in all that we do. In 2018, we were dedicated to improving the digital experience for our agents and customers. We introduced new personal lines home cyber protection coverage, paperless billing, and billing text alerts. We implemented a leading-edge claims system, LiveWire, that makes it easy for agents and customers to track a claim from start to finish. We continued to enhance our mobile app, launching a Roadside Assistance service that includes real-time GPS tracking of the service truck to the customer’s location. While ushering in these advances, we’ve kept our eyes firmly fixed on the future by laying the foundation for using Robotic Processing Automation (RPAs) and Chatbot technologies. And, we’ve continued to partner with startup accelerators like Rev 1 to be on the forefront of change.

All these efforts are part of a larger digital story that already includes our own skill on Amazon Alexa Voice Service, our security scanning service, SolarWinds, for agents, our Easy Snap app and Pix It Now claims features, and lead-gen

partnership with Trusted Choice® to engage digital shoppers. We’ve introduced products that address our digital world and evolving risk, including Rideshare Gap coverage for Uber/Lyft drivers, cyber coverage for businesses, and soon-to-come user-based insurance coverage. We’re also strategically using social media to reach our agents and customers in new ways and have a robust customer reviews page on our website. We recognize that our digital voice and online reputation are critical to both agents and customers in their decisions to do business with our company.

What is truly cool and unique about Grange and its culture is that at our core, we are a diverse company that cares about people and continues to invest in the communities where we live and work. Our dedication to our communities was recognized in 2018 with the United Way of Central Ohio Leadership Award as well as the Medical Mutual Pillar Award for Community Service. What I am most proud of was our associates’ new record high of more than 9,000 volunteer hours in communities across our footprint.

As we embrace and accelerate change, we do so while staying true to our mission of providing our policyholders with peace of mind and protection during life’s unexpected events. Every change we make serves to give our agents and customers an exceptional experience with us.

It’s a brand-new day here at Grange, and I’m excited about what the future holds. On behalf of myself and the Board of Directors, thank you to our policyholders, agent partners and associates for being a part of our journey.

John Ammendola
President & Chief Executive Officer

GRANGE MEANS BUSINESS.

STRONG GROWTH TREND HIGHLIGHTS 2018

With a solid foundation in place, 2018 was not only a year of tremendous growth for Grange Commercial Lines, but operationally and culturally transformative. The hard work in previous years to provide our agents differentiating products and improved processes resulted in a sharp uptick in new business.

We saw strong new business performance across the business, with both Package (up 49.3%) and BOP (up 30.9%) performing exceptionally well. Standard Lines led the way in both, increasing 42% over last year.

Spurring new business was a full year of our 36-Month Package Policy offering and the flexibility of our Multi-Tier pricing. Combined with a number of workflow and operational enhancements, progress in service levels and ever-improving products, it has never been easier for agents to place business with Grange Commercial Lines.

People were also top of mind in 2018. Internally, we developed and expanded our staff with the right kind of talent and expertise to support our expanding business. Externally, we continued to work with the right kind of commercial partners to support our growth and move forward with us towards a bright future.



**MIKE WINNER,
COMMERCIAL LINES PRESIDENT**

“Our hard work building a strong base of products and services in previous years culminated in a terrific 2018. Thanks to the efforts of our agents and associates we achieved substantial new business growth and set Grange Commercial Lines on a positive trajectory for the future.”

grangeinsurance.com/insurance/business



COMMERCIAL LINES

What's new in 2019: In 2019, we'll be focused on continuing to drive significant profitable growth. How? By making it even easier for our agents to work with us – digitally, on the phone or in person. We'll be working towards long-term enhancements to our Policy & Billing processes, improving product offerings and increasing pass-through rates. And as always, we'll remain committed to our agents, forging even deeper and stronger agency relationships.

HOME AND AUTO COVERAGE CREATED JUST FOR YOU.

SIMPLE, FLEXIBLE INSURANCE TO MEET ANY NEED

In 2018, we took feedback from the most important voices – our customers and agents – and put it into action. The result was a strong, profitable year that will help us continue to provide flexible solutions for our policyholders and offer an improved digital experience that our customers are demanding.

The latest version of our PinPoint Homeowners® and PinPoint Auto® products were launched across our footprint, adding new coverages and deepened discounts to help agents attract and retain profitable customers.

Thanks to agent feedback we added new coverages for homeowners such as Underground Service Line and our new Home Cyber protection, which provides insurance for

the digital age. In auto, discounts for life events are helping us attract and win more new customers.

These efforts led to growing total direct written premium in 2018 in preferred auto and homeowners, all while generating a combined ratio of 89.8%. We also had a five-year high in total personal lines retention, increasing 1.4% from last year.

Our focus on Ease of Doing Business® and digital innovation led to the launch of important initiatives. Our new Roadside Assistance program launched in 2018 and provided our policyholders an entirely digital experience integrated into our existing Grange mobile app. We also launched Paperless Billing for our Personal Lines policyholders, allowing them to have an entirely online experience with their MyGrange account.

For our agents, we've made many improvements. We streamlined processes to limit referrals to underwriting. We've also listened to feedback and now provide more information regarding policyholder claims, including access to claims adjuster notes. All of these items make the agent workflow faster and more efficient.



89.8%
COMBINED RATIO



**JOHN NORTH,
PERSONAL LINES PRESIDENT**

“Staying in tune to what our customers and agents are telling us leads to smart, innovative products and services. Our success in 2018 was a direct result of that feedback and our ability to convert it into forward-looking action. We’re excited about what the future holds.”

grangeinsurance.com/insurance/home
grangeinsurance.com/insurance/auto

PERSONAL LINES

What's new in 2019: For the coming year we'll be focused on helping our agents attract new business. To support that goal, we'll continue to improve our competitive position with more aggressive new business pricing. Online, we'll keep enhancing the agent and customer experience, including the launch of an exciting new telematics app for auto policyholders and improved agent experience. Our market-leading Special Limit Policy Options will continue to help our agents offer their clients choice and a competitive price.

NEW RELATIONSHIP BRINGS MORE LIFE PRODUCTS AND IMPROVED SERVICES.

Last year was an exciting year for Grange Life Insurance Company. In October, we became part of the Kansas City Life Group of Companies and started a new strategic relationship with Grange Insurance.

As part of Kansas City Life Insurance Company, we are bringing critically important products to Grange agents to continue to drive cross-sell. Through this strategic relationship, we can offer Grange's agents a broader array of life insurance products designed to provide a full range of solutions to their clients. Starting in October, agents had access to seven new Kansas City Life products in

addition to the Grange Life product lineup. Those new offerings included the return of premium term life products, a no-lapse guarantee universal life (UL) product, two accumulation-style UL products, and two indexed UL products.

Grange Life has a bright future with Kansas City Life. Not only can we bring new opportunities to serve Grange agents and clients, but we are also still supported by the same Columbus-based team with the same commitment to Ease of Doing Business.®



THERESA MASON,
GRANGE LIFE INSURANCE
COMPANY PRESIDENT

Kansas City Life Insurance Company

“Through our strategic relationship with Kansas City Life Insurance Company, we can offer Grange’s agents a broader array of life insurance products designed to provide a full range of solutions to their clients.”

grangeinsurance.com/insurance/life



MEET KANSAS CITY LIFE INSURANCE COMPANY

Kansas City Life has a long history of customer protection and financial strength. In business for more than 123 years, they have maintained an “A” rating from A.M. Best continuously for more than 50 years. Based in Kansas City, Mo., Kansas City Life provides financial protection through the sale of life insurance and annuities in 48 states and the District of Columbia.





A Grange Enterprise Company

A MESSAGE FROM THE INTEGRITY PRESIDENT

Last year was a record-breaking year for Integrity. Our relentless focus on results paid off once again as we closed 2018 profitable and growing for the seventh year in a row. We owe our success to the deep, personal relationships we've built with our agents and our shared dedication to being there for our customers when they need us most.

I'm proud that we received the Company Award of Excellence from the Minnesota Independent Insurance Agents and Brokers Association, its top honor for the year. Integrity was recognized for our meaningful relationships with our agency partners and for investing in innovative solutions that make it easy for those agents to do business with us. It's exciting to be acknowledged for these relationships because we know that our business is based on one thing – our promise to our agents and customers.

Together with our affiliate partner Grange Insurance, we continue to make investments in our future. Grange and Integrity are stronger together. [That's why we're excited to now share a brand mark with Grange to showcase the power of our collective enterprise.](#) But, we're keeping our Integrity name to leverage our proud history and identity in Wisconsin, Iowa and Minnesota. I'm certain this new step in our partnership will position us for an even better and brighter future.

Jill Wagner Kelly
President
Integrity Insurance

INTEGRITY LEADERSHIP TEAM

(Pictured, left to right)

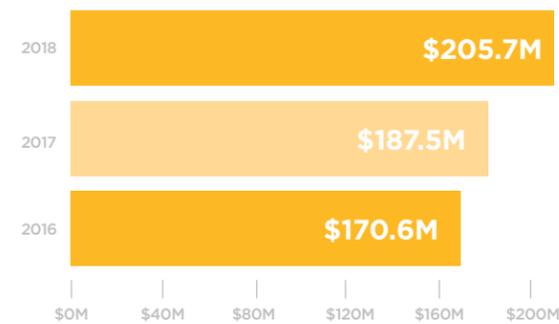
Front Row: VP, Commercial Lines Dan Trochil;
President Jill Wagner Kelly; VP, Claims Christian Martin

Back Row: VP, Sales & Marketing Bobbie Collies;
AVP, Talent Management & Operations Sarah Krause;
VP, Personal Lines Steve Klingemann; AVP, Sr. Finance Officer Matt Sharp



integrityinsurance.com

DIRECT WRITTEN PREMIUM



INTEGRITY FOOTPRINT



COMBINED OPERATING RATIO



GROWTH RATE



RECORD YEAR IN 2018

In 2018, Integrity continued to outpace our industry peers thanks to our relentless focus on the success of our agency partners while bringing peace of mind and protection to our customers. We finished 2018 financially strong, stable and growing. As we hit our seventh straight year of profitable growth, we also celebrated reaching \$200 million in direct written premium – a milestone for our company. We achieved this growth while remaining profitable, producing a combined operating ratio of 95.9%. In fact, over the past five years, we've averaged 8.7% growth to our top-line while producing a profitable bottom-line average of 94.5%.

COMMERCIAL LINES

In Commercial Lines, we grew direct written premium 15.2% to an impressive \$126.3 million. Our combined operating ratio was 99.7%, with new business up 27.5% over the prior year. Our commercial field underwriter program continues to be a differentiator in the market. We expanded the program to new agencies in Iowa, Minnesota and Wisconsin, writing \$22.6 million in new business, which reflects 72% of the year's overall new business premium. Our marketplace execution in specialty lines was similarly successful where we now write \$17.7 million in total premium.

PERSONAL LINES

Personal Lines finished the year with a combined operating ratio of 90.2%. A highlight of the year was adding product enhancements to PinPoint Auto® for Iowa, Minnesota and Wisconsin and PinPoint Homeowners® for Wisconsin. These improvements provide more competitive options and choices for customers, making it easier for agents to sell these products. We continued growing our Wisconsin book of business, resulting in an increase in direct written premium

of 11.5%, marking the second year of double-digit growth in the state. In addition, policies in force grew over 8% in our home state.

INVESTING IN OUR ASSOCIATES AND COMMUNITIES

We motivate and empower our associates to reach peak performance. It's vital to us that agency partners and policyholders can rely on superior performance from our talented, experienced workforce.

Our priority continues to be recruiting top talent and investing in associates. In 2018, we made enhancements to our training program and development plan.

Additionally, associates are encouraged to get involved, volunteer and give back to the communities where we live and work. A highlight of the year was being named a Top 15 Most Generous Workplace by United Way Fox Cities. We're proud of our associates for being a tremendous example of what it means to give back.

TRANSFORMING THE WAY WE DO BUSINESS.



“Whether it was hardware or software, internal or external, systems or processes, 2018 was a year of tremendous change and opportunity. We provided our policyholders and agents with a simple, secure experience, while remaining flexible to enable ourselves to meet those same standards of excellence in the future.”

TIM CUNNINGHAM,
CHIEF INFORMATION OFFICER

MODERNIZING OUR CORE SYSTEMS

In 2018, Grange Technology Services continued to accelerate the modernization and transformation of our core technologies and deliver improved business value. We remained focused on three key aspects of our strategy: helping our independent agents improve policyholder engagement in the digital landscape, eliminating pain points for both agents and policyholders and helping policyholders proactively manage their risk.

Several foundational initiatives during the year helped us advance in all three of these goals. We modernized our core infrastructure by eliminating on-premise datacenters and increasing our cloud capabilities. We implemented a modern claims system and implemented an advanced software

solution dramatically improving the way internal and external systems securely communicate with each other.

We implemented new tools and processes increasing the level of automation in our end-to-end software development practices. We implemented a brand-new modern workflow system for Commercial Lines which can extend to the entire enterprise.

For policyholders we helped our business partners deliver on improved digital customer experiences. We deployed a Roadside Assistance product through our mobile app, launched Paperless Billing for Personal Lines customers and continued to enhance our Grange Mobile App. For agents, our security scanning service, Solar Winds, provides cyber security protection to agent computers and data.

What's new in 2019: We'll continue to solve creatively for our future, working to increase our operational intelligence using Big Data and Analytics, investing in collecting data and piloting select use cases. Improved focus on chatbot and robotic process automation will continue so we can improve service experiences for policyholders and agents.

INNOVATION

THE ART + SCIENCE OF SOLVING CREATIVELY FOR TOMORROW

Art is the expression of creativity and imagination. Science is the study of the natural world. This space has been designed to embrace the best of both worlds. The collaboration between the art + science of innovation—and the collaboration between each of us—will power our value of solving creatively for tomorrow.

With a passion only you can bring to the table, we will continue to challenge the status quo, into a future we can all be proud of. We will continue to challenge the status quo, into a future we can all be proud of. We will continue to challenge the status quo, into a future we can all be proud of.

TECHNOLOGY & INNOVATION

2018 Columbus Startup Weekend

TAKING INNOVATION TO ANOTHER LEVEL

It was a foundational year for Innovation at Grange as we took our investment, commitment and culture-building to the next level.

The framework of culture, process and resources gives Grange the opportunity to accelerate at a faster pace. With our structure change to a mutual holding company, we now have an investment arm to scale and flex our innovations. We're now primed to deliver quality solutions at a rapid pace that will help us meet the constantly changing needs of policyholders and independent agents.

We created a small but nimble Innovation team to drive process and culture. The debut of our Innovation Studio, a unique 5,000 square foot physical space with inspiring meeting rooms, has sparked even more creativity and collaboration among associates.

We were proud to host events such as Columbus Startup Weekend which we sponsored with Grow with Google, and our internal innovation events let our associates and partners think differently about how to meet the many challenges our industry faces.

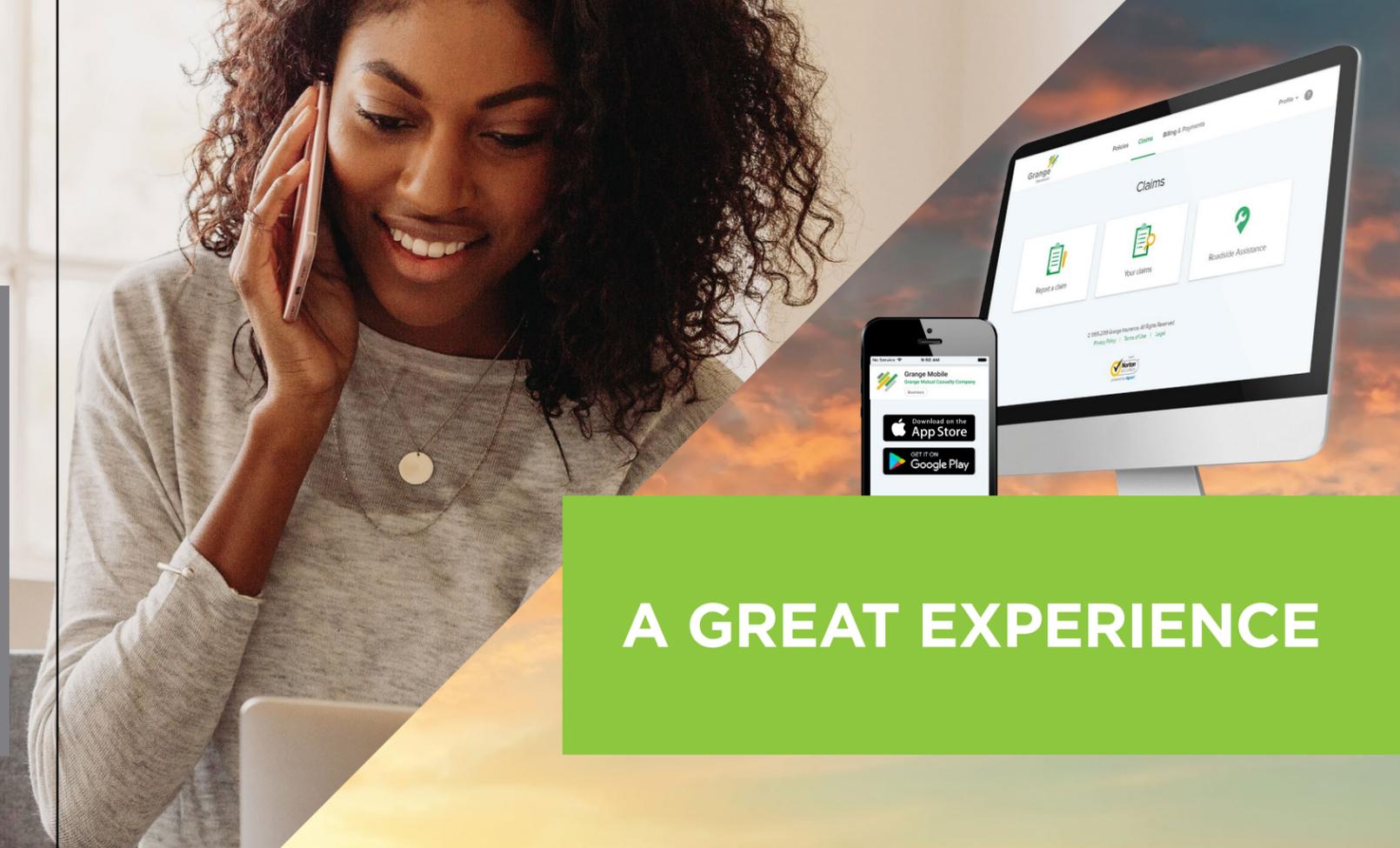
What's new in 2019: We look forward to advancing our innovation culture. We've scheduled more events to engage our associates as well as improve their skill sets, such as design-thinking courses, Robotic Process labs and adding Innovation Tracks to our internal training. We'll continue to host Innovation Wars for associates and agents, as well as work with startups and external partners to help advance our competitive position and rapidly meet and exceed the changing demands of our policyholders and independent agents.

COMMITTED TO PROVIDING THE BEST EXPERIENCE.



“By pairing advancing technologies with a strong focus on customer care, we continue to deliver a great experience and are always there for our customers and agents when they need us.”

LINDA ROUBINEK,
CHIEF CUSTOMER INTERACTIONS OFFICER



A GREAT EXPERIENCE

EASE OF DOING BUSINESS®

Providing the best customer experience – online, in person or on the phone – is a crucial aspect of Grange’s past, present and future. Throughout 2018 and into the future, we remain focused on offering simple, straightforward, meaningful interactions for our policyholders and agents.

We launched several digital initiatives last year that provide improved experiences for our customers. Billing Text Alerts enable customers to stay informed about their bills and payment status via their mobile phone while they are on the go. We redesigned our MyGrange Account Registration

process to make it simpler, encouraging customers to manage their insurance experience online. Our Personal Lines policyholders now also have the option to participate in Paperless Billing.

Partnering with market-leading vendor Urgent.ly, we launched our new Roadside Assistance program that lets customers request assistance and monitor progress entirely through the Grange Mobile app. We also started the internal, long-term work needed to enhance our Policy and Billing processes.

What’s new in 2019: We’ll accelerate our focus on improving the customer and agent online experience, including an improved agent quoting experience and offering more flexible and modern payment options for customers. We’ll also empower our customers, improving awareness of our evolving self-service features. We’ll expand Paperless Billing to our Commercial Lines customers and work further on upcoming Chatbot and e-signature capabilities.

AT THE MOMENT OF TRUTH

After years of hard work by our Claims team, we launched our new claims system in 2018. Leveraging the capabilities of our new system, we improved the online claims reporting experience for our agents and their clients. The new interface includes a new look and feel with easier navigation. We also expanded functionality for agents to submit their clients’ Commercial claims online. And agents now receive a claim number and adjuster assignment for most claims as soon as the claim is submitted.

We also enhanced our Agent Claims Portal to provide agents with more transparency into the progress of their clients’

claims including access to adjuster claim notes. The enhanced Agent Claims Portal includes a new look and is easier to use and delivers more robust and timely claim information to better enable agents to anticipate customer needs.

All of these enhancements were informed by feedback from our Agent Experience Group.

Our Fast Track claims adjustment process launched for all auto policyholders in 2018, proactively problem solving during the first notice of loss, reducing customer effort and cycle time and improving satisfaction.

What’s new in 2019: In 2019, we will focus on improving the Claims experience by providing customers with proactive claims status updates, improving communication and transparency into the claims process.

Claims has already started the cultural transformation needed to bring our Grange brand to life at this critical moment of truth for our customers, with a focus on living our Customer Experience ePledge:

- Lead with empathy. Each call. Every time.
- Provide clarity, understanding, and realistic next steps.
- Ask: what else can I do for you?
- Appreciate your customer and their business. Say thank you every time.



AGENT ADVISORY BOARD

Thank you to the select group of Independent Agents who collaborate with our leaders to strengthen all agent relationships.

We're truly grateful to be your partners.

NOT PICTURED ABOVE (from left to right)

Ryan Atkinson, Atkinson Insurance, VA; Patrick Baggett, Full Service Insurance, TN; Bo Bradley, Bradley Insurance Services, VA; Tom Butera, Midland Insurance Agency Inc, IL; Doug Halpin, Elite Insurance, OH; Diana Hunt, Mountain Valley Insurance, KY; Tina Hutspiller, Hutspiller Insurance Agency, TN; Steve Maloof, Tanner, Ballew & Maloof, GA; Gary Rowland, Rowland Insurance Agency, KY; Chris Wiseman, Van Meter Insurance, KY.



FRONT ROW (from left to right)

Hank Randall, Worley-Schilling & Randall Inc, GA; Doug Erwin, Advanced Insurance Solutions, PA; Matt Trittschuh, Matt Trittschuh Agency, OH; Thomas Crosby, The Insurance Exchange, IL; Sam Crudo, CIA Financial Group, MI; Sandra Moody Gresham, Dehan Enterprises Insurance & Financial Services, OH; Bill Wethington, Cornerstone Insurance, KY; Jesse Schatz, JPS Insurance Services, MI.

MIDDLE ROW (from left to right)

Ryan Messer, Meridian Insurance, OH; Bruce Braselton, Winder Insurance Center, GA; Rob Strachan, Strachan Novak Insurance, OH; Kevin Panter, Panter Insurance, GA; Mark Wenclewicz, Wenclewicz Insurance, IN; Charlie Spencer, Spencer Insurance Agency, PA; Jay Harvill, Lipscomb & Pitts Insurance, TN; Mike Rice, American Heritage Insurance Group, OH; Kyle Turner, Turner Insurance Agency, IN; Bud Bonner, Knight Insurance Group, OH.

BACK ROW (from left to right)

Tom Davenport, Blue Marsh Insurance, PA; Kevin Wheeler, Cardinal Insurance, IN; Rob Newman, Newman & Tucker Insurance, KY; Steve Hopkins, United Group Alliance, OH; Jim Wehar, Rodgers Insurance Group, PA; Phil Carson, Carson Agency Inc, IN.



JOHN AMMENDOLA,
PRESIDENT & CEO

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CHAIRMAN OF THE BOARD

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CHIEF FINANCIAL OFFICER

MICHAEL D. FRAIZER

ROBERT E. HOYT

SUZAN KEREERE



M. MARNETTE PERRY

THOMAS S. STEWART

CHRISTIANNA WOOD

BOARD OF DIRECTORS

Visit grangeinsurance.com for director bios.



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PRESIDENT & CEO

MICHELLE BENZ,
CHIEF SALES & MARKETING
OFFICER

LAVAWN COLEMAN,
SECRETARY & GENERAL
COUNSEL

TIM CUNNINGHAM,
CHIEF INFORMATION OFFICER



TERRI DALENTA,
CHIEF FINANCIAL OFFICER

DOREEN DELANEY CRAWLEY,
CHIEF OPERATIONS OFFICER

CHERYL LEBENS,
CHIEF RISK & STRATEGY
OFFICER

JOHN NORTH,
PRESIDENT OF PERSONAL LINES



LINDA ROUBINEK,
CHIEF CUSTOMER
INTERACTIONS OFFICER

JILL WAGNER KELLY,
PRESIDENT OF INTEGRITY
INSURANCE

MIKE WINNER,
PRESIDENT OF COMMERCIAL
LINES

LEADERSHIP TEAM

Visit grangeinsurance.com for leadership bios.



A GREAT PLACE TO WORK

BUILDING A CULTURE OF EXCELLENCE.



“It’s crucial to create an environment where our associates can prosper, and in turn, our enterprise. Our people are our most valuable resource. We must invest in our associates, embracing diversity, change and innovation, to take Grange to the next level.”

**DOREEN DELANEY CRAWLEY,
CHIEF OPERATIONS OFFICER**

To attract and retain top talent, our culture must continually evolve, creating new opportunities for associate engagement and development.

To do so in 2018, we introduced a new parental leave benefit, opened an Innovation Studio creative workspace and upgraded our service anniversary program. We also hosted our first Elevate all-associate conference, offering a variety of career development courses for associates over a three-day span. In addition, our third iLearn week provided technical, soft skills and general knowledge training to benefit our Grange Technology Services team.

The best part about these new benefits and opportunities is that they were made in partnership with our associates. Our Emerging Leaders and LeaderView programs encourage high-potential talent to develop innovative solutions for our enterprise, while working on their professional development. Plus, more than 80 associates volunteered to be Change Champions, building their change management skillset, providing feedback to leadership and supporting the company as we roll out new initiatives.

Our Associate Resource Groups (ARGs) also support the

company, while providing professional development, networking and community outreach opportunities for associates. For instance, the ARGs helped develop ideas for non-traditional coverages and ways to market Grange in diverse communities. In addition, our Diversity & Inclusion (D&I) team helps the organization think differently through efforts like offering feedback on employee benefits and assessing our effectiveness when serving our diverse customer base. We know that diversity correlates positively with business success. Over a 10-year period, the index of publicly traded companies in *DiversityInc.’s* Top 50 Companies for Diversity list outperformed the NASDAQ by 28%, Standard & Poor’s 500 by 25% and Dow Jones Industrial Average by 22%.

In other D&I advancements, Grange signed the CEO Commitment for Diversity and Inclusion Pledge, as well as the Columbus Commitment for Achieving Pay Equity Pledge. We’ve increased diversity in our hiring and promotions, as well as engagement of our ARG members. In 2019, all leaders and associates will complete unconscious bias training.

As we grow, we will continue to listen to and invest in our associates, because we know they are the drivers of success.

80

GRANGE PRIDE PARTNERSHIP AND ALLIES MEMBERS

240

GRANGE WOMEN’S GROUP MEMBERS

125

GRANGE YOUNG PROFESSIONALS MEMBERS

35

PERCENT OF GRANGE ASSOCIATES ARE MEMBERS OF AT LEAST ONE ASSOCIATE RESOURCE GROUP



PHILANTHROPIC AWARDS 2018

United Way Central Ohio Leadership Award

Medical Mutual Pillar Award for Community Service



NEARLY **\$100,000** in charitable printing services



50% of officers serving on non-profit boards in 2018



9,000+ hours volunteered by associates



NEARLY **\$1 MILLION** in non-profit donations

GRANGE INSURANCE GIVES BACK

As we grow our culture of innovation at Grange, we're using new technology to maximize our contributions to the communities where we do business. In 2018, we launched our Volunteer Portal, which provides an easy-to-use, online interface where associates can discover, track and sign up for volunteer opportunities.

The new portal helped contribute to a 350-hour increase in volunteer hours this year! In addition, we surpassed our fundraising goal for our Grange Gives campaign. In 2019, we're looking forward to continuing this momentum and further support local non-profit organizations that transform lives, provide comfort and enrich the communities we serve.

SERVING OUR COMMUNITIES

JUST ASK OUR CUSTOMERS.

RANDY44, ★★★★★
"BEYOND EXPECTATIONS"

I've had Grange auto and home coverage for nearly 20 years and have had to submit claims on each several times. Each time Grange handled them quickly, professionally and beyond my expectations! I absolutely consider Grange as the standard to which all insurance companies should be measured!

BETTE O., ★★★★★
"PROFESSIONALISM, HONESTY AND INTEGRITY"

A+ to Grange Mutual Ins. We have relied on Grange for over 25 yrs. to insure our home, autos, boats, RVS. We have filed small and large claims, and in each situation, they have exceeded our expectations. They are quick to respond with professionalism, honesty and integrity...rare commodities in the insurance industry today. Thank You Grange.

RARFORD, ★★★★★
"GREAT CUSTOMER SERVICE"

I have been very pleased with Grange Insurance so far. I had a claim on business property, and it was handled swiftly and to my satisfaction. Thank you.

CHRISG, ★★★★★
"EXCELLENT EXPERIENCE"

Sarah handled my Claim and she was great! She made the process so easy and eased my mind. Having someone hit my fairly new (to me) car had me furious. But from the moment I talked to Sarah I knew everything was going to be ok. She handled every step professionally and fast. She explained all aspects of the claim in detail, so there were no surprises.



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 Instagram.....@grange_insurance

OUR DIGITAL STORY

**FIND MORE INFORMATION,
TIPS & OTHER RESOURCES AT
GRANGEINSURANCE.COM**

Grange does more than offer Peace of Mind and Protection to our policyholders, we also provide you with the tools to protect yourself. Learn more about how to keep your home, auto and yourself safe with our Tips & Resources available on our website.

Stay in touch with Grange by following our social media channels!

GRANGE ENTERPRISE P&C FINANCIAL REPORT*

Assets

Cash and Cash Equivalents	\$ 76,313,768
Bonds (at amortized cost)	1,637,565,380
Stocks (at market value)	472,605,310
Real Estate (at cost less accumulated depreciation)	95,110,045
Floating Rate Bank Loans	68,569,588
Other Invested Assets	49,353,854
Securities Lending Reinvested Collateral Assets	26,100,208
Accrued Investment Income	13,339,661
Premiums in Course of Collection	265,445,817
Net Deferred Tax Asset	25,587,123
Other Miscellaneous Assets	24,859,902
Total Assets	\$ 2,754,850,656

Liabilities and Policyholders' Surplus

Unearned Premiums	\$ 496,878,659
Reserve for Losses	510,536,527
Reserve for Loss Adjustment Expenses	154,391,629
General Expenses Payable	82,176,921
Borrowed Money	60,115,000
Payable for Securities Lending	26,100,208
Federal Income Tax Payable	5,886,827
Other Liabilities	43,833,404
Total Liabilities	1,379,919,175
Policyholders' Surplus	1,374,931,481
Total Liabilities and Policyholders' Surplus	\$ 2,754,850,656

Statement of Income and Surplus 2018

Premiums Earned	\$ 1,186,211,541
Losses and Loss Adjustment Expenses Incurred	736,527,599
Other Underwriting Expenses Incurred	381,143,224
Net Underwriting Gain	68,540,718
Net Investment Gain	85,445,922
Other Income Less Other Expense	13,206,691
Dividends to Policyholders	(4,628,467)
Income Before Federal Income Taxes	162,564,864
Federal Income Taxes Incurred	16,294,221
Net Income	146,270,643
Other Surplus Changes	(39,617,949)
Change in Policyholders' Surplus	106,652,694
Policyholders' Surplus — January 1	1,268,278,787
Policyholders' Surplus—December 31	\$ 1,374,931,481

FINANCIAL OVERVIEW

Net Combined Ratio: 2016-2018



Direct Written Premium: 2016-2018



Combined Surplus: 2016-2018



Consolidated Assets: 2016-2018



2018 FINANCIAL REPORT



**PROVIDING PEACE OF MIND
AND PROTECTION DURING
LIFE'S UNEXPECTED EVENTS.**



IT'S NOT JUST INSURANCE

IT'S INSURANCE BACKED BY GRANGE ENTERPRISE.

With humble beginnings insuring farming communities, today we serve policyholders across 13 states: Georgia, Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia and Wisconsin. With an "A" Excellent rating from A.M. Best and nearly \$3 billion in assets, our enterprise has the strength and stability of a large insurance carrier, but with the local, personalized service of a small company. Get the most from your insurance.

Grange and Integrity — providing peace of mind and protection during life's unexpected events.

grangeinsurance.com

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**Grange
EnterpriseSM**