



ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2002
OF THE CONDITION AND AFFAIRS OF THE
NATIONWIDE INSURANCE COMPANY OF FLORIDA

NAIC Group Code 0140 (Current Period) 0140 (Prior Period) NAIC Company Code 10948 Employer's ID Number 31-1613686

Organized under the Laws of Ohio, State of Domicile or Port of Entry Ohio

Country of Domicile United States of America

Incorporated 08/18/1998 Commenced Business 08/18/1998

Statutory Home Office One Nationwide Plaza (Street and Number), Columbus, OH 43215-2220 (City or Town, State and Zip Code)

Main Administrative Office One Nationwide Plaza (Street and Number), Columbus, OH 43215-2220 (City or Town, State and Zip Code), 614-249-7111 (Area Code) (Telephone Number)

Mail Address One Nationwide Plaza (Street and Number or P.O. Box), Columbus, OH 43215-2220 (City or Town, State and Zip Code)

Primary Location of Books and Records One Nationwide Plaza (Street and Number), Columbus, OH 43215-2220 (City or Town, State and Zip Code), 614-249-1545 (Area Code) (Telephone Number)

Internet Website Address www.nationwide.com

Statement Contact Raymond T. Hohl (Name), 614-249-1545 (Area Code) (Telephone Number) (Extension), hohlr@nationwide.com (E-mail Address), 614-249-4718 (Fax Number)

Policyowner Relations Contact One Nationwide Plaza (Street and Number), Columbus, OH 43215-2220 (City or Town, State and Zip Code), 614-249-6408 (Area Code) (Telephone Number) (Extension)

OFFICERS

President Galen Ross Barnes Secretary Glenn Warren Soden
Treasurer Michael Dean Miller

VICE PRESIDENTS

Patricia Ruth Hatler David Karl Hollingsworth David Ralph Jahn
Edwin Pugh McCausland Jr. Michael Dean Miller Robert Alan Oakley

DIRECTORS OR TRUSTEES

Galen Ross Barnes David Ralph Jahn Michael Dean Miller
Douglas Craig Robinette Richard Michael Waggoner

State of Ohio } ss
County of Franklin }

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

Galen Ross Barnes--President/Chief Operating Officer President
Glenn Warren Soden--Assoc. VP/Secretary Secretary
Michael Dean Miller--Sr. VP-Finance Treasurer

Subscribed and sworn to before me this
day of , 2003

a. Is this an original filing? Yes [ X ] No [ ]
b. If no,
1. State the amendment number
2. Date filed
3. Number of pages attached

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE NATIONWIDE INSURANCE COMPANY OF FLORIDA

ASSETS

|   | Current Year |                            |   | Prior Year               |
|---|--------------|----------------------------|---|--------------------------|
|   | 1<br>Assets  | 2<br>Nonadmitted<br>Assets | 3<br>Net Admitted Assets<br>(Cols. 1 - 2) | 4<br>Net Admitted Assets |
| 1. Bonds .....  | 423,729,862  | 0                          | 423,729,862                               | 388,952,217              |
| 2. Stocks:  |              |                            |   |                          |
| 2.1 Preferred stocks (Schedule D, Part 2, Section 1) .....  | 824,704      | 0                          | 824,704                                   | 1,031,750                |
| 2.2 Common stocks (Schedule D, Part 2, Section 2) .....   | 0            | 0                          | 0   | 0                        |
| 3. Mortgage loans on real estate (Schedule B):  |              |                            |   |                          |
| 3.1 First liens .....   | 0            | 0                          | 0   | 0                        |
| 3.2 Other than first liens .....  | 0            | 0                          | 0   | 0                        |
| 4. Real estate (Schedule A):  |              |                            |   |                          |
| 4.1 Properties occupied by the company<br>(less \$ ..... encumbrances) .....  | 0            | 0                          | 0   | 0                        |
| 4.2 Properties held for the production of income<br>(less \$ .....0 encumbrances) .....   | 0            | 0                          | 0   | 0                        |
| 4.3 Properties held for sale<br>(less \$ .....0 encumbrances) .....   | 0            | 0                          | 0   | 0                        |
| 5. Cash (\$ .....(5,319,571) Schedule E, Part 1) and short-term<br>investments(\$ .....9,292,406 Schedule DA, Part 2) .....                         | 3,972,835    | 0                          | 3,972,835                                 | 13,998,426               |
| 6. Other invested assets (Schedule BA) .....  | 0            | 0                          | 0   | 0                        |
| 7. Receivable for securities .....  | 40,000       | 0                          | 40,000                                    | 157,357                  |
| 8. Aggregate write-ins for invested assets .....  | 0            | 0                          | 0   | 0                        |
| 9. Subtotals, cash and invested assets (Lines 1 to 8) .....   | 428,567,401  | 0                          | 428,567,401                               | 404,139,749              |
| 10. Agents' balances or uncollected premiums:   |              |                            |   |                          |
| 10.1 Premiums and agents' balances in course of collection .....  | 3,200,743    | 24,490                     | 3,176,252                                 | 2,124,530                |
| 10.2 Premiums, agents' balances and installments booked but deferred<br>and not yet due (Including<br>\$ .....0 earned but unbilled premiums) ..... | 13,464,745   | 0                          | 13,464,745                                | 12,741,162               |
| 10.3 Accrued retrospective premiums .....   | 0            | 0                          | 0   | 0                        |
| 11. Funds held by or deposited with reinsured companies .....   | 0            | 0                          | 0   | 0                        |
| 12. Bills receivable, taken for premiums .....  | 6,510        | 0                          | 6,510                                     | 6,390                    |
| 13. Amounts receivable under high deductible policies .....   | 0            | 0                          | 0   | 0                        |
| 14. Reinsurance recoverables on loss and loss adjustment expense payments<br>(Schedule F, Part 3, Cols. 7 and 8) .....                              | 0            | 0                          | 0   | 0                        |
| 15. Federal and foreign income tax recoverable and interest thereon (including<br>\$ .....7,041,575 net deferred tax asset) .....                   | 10,632,331   | 580,868                    | 10,051,463                                | 13,055,142               |
| 16. Guaranty funds receivable or on deposit .....   | 0            | 0                          | 0   | 0                        |
| 17. Electronic data processing equipment and software .....   | 0            | 0                          | 0   | 0                        |
| 18. Interest, dividends and real estate income due and accrued .....  | 5,695,131    | 0                          | 5,695,131                                 | 5,021,734                |
| 19. Net adjustments in assets and liabilities due to foreign exchange rates .....   | 0            | 0                          | 0   | 0                        |
| 20. Receivable from parent, subsidiaries and affiliates .....   | 3,305,320    | 0                          | 3,305,320                                 | 0                        |
| 21. Amount due from/to protected cells .....  | 0            | 0                          | 0   | 0                        |
| 22. Equities and deposits in pools and associations .....   | 0            | 0                          | 0   | 0                        |
| 23. Amounts receivable relating to uninsured accident and health plans .....  | 0            | 0                          | 0   | 0                        |
| 24. Other assets nonadmitted (Exhibit 1) .....  | 0            | 0                          | 0   | 0                        |
| 25. Aggregate write-ins for other than invested assets .....  | 0            | 0                          | 0   | 0                        |
| 26. Total assets excluding protected cell assets (Lines 9 through 25) .....   | 464,872,181  | 605,358                    | 464,266,822                               | 437,088,707              |
| 27. Protected cell assets .....   | 0            | 0                          | 0   | 0                        |
| 28. TOTALS (Lines 26 and 27)  | 464,872,181  | 605,358                    | 464,266,822                               | 437,088,707              |
| <b>DETAILS OF WRITE-INS</b>   |              |                            |   |                          |
| 0801. ....  | 0            | 0                          | 0   | 0                        |
| 0802. ....  | 0            | 0                          | 0   | 0                        |
| 0803. ....  | 0            | 0                          | 0   | 0                        |
| 0898. Summary of remaining write-ins for Line 8 from overflow page .....  | 0            | 0                          | 0   | 0                        |
| 0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above)  | 0            | 0                          | 0   | 0                        |
| 2501. ....  | 0            | 0                          | 0   | 0                        |
| 2502. ....  | 0            | 0                          | 0   | 0                        |
| 2503. ....  | 0            | 0                          | 0   | 0                        |
| 2598. Summary of remaining write-ins for Line 25 from overflow page .....   | 0            | 0                          | 0   | 0                        |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)   | 0            | 0                          | 0   | 0                        |

**LIABILITIES, SURPLUS AND OTHER FUNDS**

|   | 1<br>Current Year | 2<br>Prior Year |
|---|-------------------|-----------------|
| 1. Losses (Part 2A, Line 34, Column 8) .....  | 33,485,861        | 22,043,204      |
| 2. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 6) .....   | 0                 | 0               |
| 3. Loss adjustment expenses (Part 2A, Line 34, Column 9) .....  | 3,439,013         | 2,404,622       |
| 4. Commissions payable, contingent commissions and other similar charges .....  | 2,391,766         | 1,159,552       |
| 5. Other expenses (excluding taxes, licenses and fees) .....  | 0                 | 0               |
| 6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....  | 0                 | 0               |
| 7. Federal and foreign income taxes (including \$ .....0 on realized capital gains (losses)) (including \$ .....0 net deferred tax liability) .....                                     | 0                 | 0               |
| 8. Borrowed money \$ .....0 and interest thereon \$ .....0 .....  | 0                 | 0               |
| 9. Unearned premiums (Part 1A, Line 37, Column 5)<br>(after deducting unearned premiums for ceded reinsurance of \$ .....1,278,354 and including warranty reserves of \$ .....0 ) ..... | 86,199,758        | 81,077,950      |
| 10. Advance premiums .....  | 7,409,347         |                 |
| 11. Dividends declared and unpaid:  |                   |                 |
| 11.1 Stockholders .....   | 0                 | 0               |
| 11.2 Policyholders .....  | 0                 | 0               |
| 12. Ceded reinsurance premiums payable (net of ceding commissions) .....  | (5,113,416)       | 1,896,770       |
| 13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19) .....  | 0                 | 0               |
| 14. Amounts withheld or retained by company for account of others .....   | 12,158            | 6,600,328       |
| 15. Remittances and items not allocated .....   | 1,980,910         | 0               |
| 16. Provision for reinsurance (Schedule F, Part 7) .....  | 463,000           | 0               |
| 17. Net adjustments in assets and liabilities due to foreign exchange rates .....   | 0                 | 0               |
| 18. Drafts outstanding .....  | 0                 | 0               |
| 19. Payable to parent, subsidiaries and affiliates .....  | 0                 | 149,563         |
| 20. Payable for securities .....  | 0                 | 0               |
| 21. Liability for amounts held under uninsured accident and health plans .....  | 0                 | 0               |
| 22. Capital Notes \$ .....0 and interest thereon \$ .....0 .....  | 0                 | 0               |
| 23. Aggregate write-ins for liabilities .....   | (4,346)           | 0               |
| 24. Total liabilities excluding protected cell liabilities (Lines 1 through 23) .....   | 130,264,051       | 115,331,989     |
| 25. Protected cell liabilities .....  | 0                 |                 |
| 26. Total liabilities (Lines 24 and 25) .....   | 130,264,051       | 115,331,989     |
| 27. Aggregate write-ins for special surplus funds .....   | 0                 | 0               |
| 28. Common capital stock .....  | 1,200,000         | 1,200,000       |
| 29. Preferred capital stock .....   | 0                 | 0               |
| 30. Aggregate write-ins for other than special surplus funds .....  | 0                 | 0               |
| 31. Surplus notes .....   | 0                 | 0               |
| 32. Gross paid in and contributed surplus .....   | 298,800,000       | 298,800,000     |
| 33. Unassigned funds (surplus) .....  | 34,002,770        | 21,756,717      |
| 34. Less treasury stock, at cost:   |                   |                 |
| 34.1 .....0 shares common (value included in Line 28 \$ .....0 ) .....  | 0                 | 0               |
| 34.2 .....0 shares preferred (value included in Line 29 \$ .....0 ) .....   | 0                 | 0               |
| 35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 38) .....  | 334,002,770       | 321,756,717     |
| 36. TOTALS (Page 2, Line 28, Col. 3)  | 464,266,821       | 437,088,707     |
| <b>DETAILS OF WRITE-INS</b>   |                   |                 |
| 2301. Reserve for State Escheat Payment .....   | (4,346)           | 0               |
| 2302. ....  | 0                 | 0               |
| 2303. ....  | 0                 | 0               |
| 2398. Summary of remaining write-ins for Line 23 from overflow page .....   | 0                 | 0               |
| 2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)   | (4,346)           | 0               |
| 2701. ....  | 0                 | 0               |
| 2702. ....  | 0                 | 0               |
| 2703. ....  | 0                 | 0               |
| 2798. Summary of remaining write-ins for Line 27 from overflow page .....   | 0                 | 0               |
| 2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)   | 0                 | 0               |
| 3001. ....  | 0                 | 0               |
| 3002. ....  | 0                 | 0               |
| 3003. ....  | 0                 | 0               |
| 3098. Summary of remaining write-ins for Line 30 from overflow page .....   | 0                 | 0               |
| 3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above)   | 0                 | 0               |

**UNDERWRITING AND INVESTMENT EXHIBIT STATEMENT OF INCOME**

|  | 1<br>Current Year | 2<br>Prior Year |
|--|-------------------|-----------------|
| <b>UNDERWRITING INCOME</b>   |                   |                 |
| 1. Premiums earned (Part 1, Line 34, Column 4) .....   | 123,312,431       | 110,495,887     |
| <b>DEDUCTIONS</b>  |                   |                 |
| 2. Losses incurred (Part 2, Line 34, Column 7) .....   | 71,059,180        | 59,842,022      |
| 3. Loss expenses incurred (Part 3, Line 25, Column 1) .....  | 8,919,649         | 9,371,024       |
| 4. Other underwriting expenses incurred (Part 3, Line 25, Column 2) .....  | 49,289,658        | 48,800,235      |
| 5. Aggregate write-ins for underwriting deductions .....   | 0                 | 0               |
| 6. Total underwriting deductions (Lines 2 through 5) .....   | 129,268,487       | 118,013,282     |
| 7. Net income of protected cells .....   | 0                 | 0               |
| 8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7) .....   | (5,956,056)       | (7,517,395)     |
| <b>INVESTMENT INCOME</b>   |                   |                 |
| 9. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....  | 25,299,871        | 23,034,237      |
| 10. Net realized capital gains or (losses) (Exhibit of Capital Gains (Losses)) .....   | (92,419)          | 1,209,296       |
| 11. Net investment gain or (loss) (Lines 9 + 10) .....   | 25,207,452        | 24,243,533      |
| <b>OTHER INCOME</b>  |                   |                 |
| 12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ .....0 amount charged off \$ .....325,778 ) ..... | 325,778           | (49,004)        |
| 13. Finance and service charges not included in premiums .....   | 360,754           | 360,937         |
| 14. Aggregate write-ins for miscellaneous income .....   | 562,739           | 578,364         |
| 15. Total other income (Lines 12 through 14) .....   | 1,249,271         | 890,297         |
| 16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15) .....                     | 20,500,667        | 17,616,435      |
| 17. Dividends to policyholders .....   | 0                 | 0               |
| 18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17) .....                 | 20,500,667        | 17,616,435      |
| 19. Federal and foreign income taxes incurred .....  | 7,824,957         | 9,135,530       |
| 20. Net income (Line 18 minus Line 19) (to Line 22) .....  | 12,675,710        | 8,480,905       |
| <b>CAPITAL AND SURPLUS ACCOUNT</b>   |                   |                 |
| 21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2) .....   | 321,756,717       | 307,889,940     |
| <b>GAINS AND (LOSSES) IN SURPLUS</b>   |                   |                 |
| 22. Net income (from Line 20) .....  | 12,675,710        | 8,480,905       |
| 23. Net unrealized capital gains or (losses) .....   | (902,973)         | (189,027)       |
| 24. Change in net unrealized foreign exchange capital gain (loss) .....  | 0                 | 0               |
| 25. Change in net deferred income tax .....  | 1,521,208         | 3,523,367       |
| 26. Change in nonadmitted assets (Exhibit 1, Line 5, Col. 3) .....   | (584,890)         | (20,468)        |
| 27. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1) .....   | (463,000)         | 75,000          |
| 28. Change in surplus notes .....  | 0                 | 0               |
| 29. Surplus (contributed to) withdrawn from protected cells .....  | 0                 | 0               |
| 30. Cumulative effect of changes in accounting principles .....  | 0                 | 1,997,000       |
| 31. Capital changes:   |                   |                 |
| 31.1. Paid in .....  | 0                 | 0               |
| 31.2. Transferred from surplus (Stock Dividend) .....  | 0                 | 0               |
| 31.3. Transferred to surplus .....   | 0                 | 0               |
| 32. Surplus adjustments:   |                   |                 |
| 32.1. Paid in .....  | 0                 | 0               |
| 32.2. Transferred to capital (Stock Dividend) .....  | 0                 | 0               |
| 32.3. Transferred from capital .....   | 0                 | 0               |
| 33. Net remittances from or (to) Home Office .....   | 0                 | 0               |
| 34. Dividends to stockholders (cash) .....   | 0                 | 0               |
| 35. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1) .....  | 0                 | 0               |
| 36. Aggregate write-ins for gains and losses in surplus .....  | 0                 | 0               |
| 37. Change in surplus as regards policyholders for the year (Lines 22 through 36) .....  | 12,246,055        | 13,866,777      |
| 38. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 37) (Page 3, Line 35) .....                              | 334,002,772       | 321,756,717     |
| <b>DETAILS OF WRITE-INS</b>  |                   |                 |
| 0501. ....   | 0                 | 0               |
| 0502. ....   | 0                 | 0               |
| 0503. ....   | 0                 | 0               |
| 0598. Summary of remaining write-ins for Line 5 from overflow page .....   | 0                 | 0               |
| 0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above) .....   | 0                 | 0               |
| 1401. Miscellaneous Income.....  | 562,739           | 578,364         |
| 1402. ....   | 0                 | 0               |
| 1403. ....   | 0                 | 0               |
| 1498. Summary of remaining write-ins for Line 14 from overflow page .....  | 0                 | 0               |
| 1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above) .....  | 562,739           | 578,364         |
| 3601. ....   | 0                 | 0               |
| 3602. ....   | 0                 | 0               |
| 3603. ....   | 0                 | 0               |
| 3698. Summary of remaining write-ins for Line 36 from overflow page .....  | 0                 | 0               |
| 3699. Totals (Lines 3601 thru 3603 plus 3698) (Line 36 above) .....  | 0                 | 0               |

**CASH FLOW**

|   | 1<br>Current Year | 2<br>Prior Year |
|---|-------------------|-----------------|
| <b>Cash from Operations</b>   |                   |                 |
| 1. Premiums collected net of reinsurance .....  | 120,749,943       | 130,574,491     |
| 2. Loss and loss adjustment expenses paid (net of salvage and subrogation) .....                                      | 65,817,773        | 49,001,033      |
| 3. Underwriting expenses paid .....   | 48,057,444        | 48,463,551      |
| 4. Other underwriting income (expenses) .....   | 0                 | 0               |
| 5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4) .....  | 6,874,727         | 33,109,906      |
| 6. Net investment income .....  | 26,592,208        | 25,104,465      |
| 7. Other income (expenses):   |                   |                 |
| 7.1 Agents' balances charged off .....  | 325,778           | (49,004)        |
| 7.2 Net funds held under reinsurance treaties .....   | 0                 | 0               |
| 7.3 Net amount withheld or retained for account of others .....   | 5,827             | 4,884,554       |
| 7.4 Aggregate write-ins for miscellaneous items .....   | 923,493           | 939,301         |
| 7.5 Total other income (Lines 7.1 to 7.4) .....   | 1,255,097         | 5,774,851       |
| 8. Dividends to policyholders on direct business, less \$ ..... dividends on reinsurance assumed or ceded (net) ..... | 0                 | 0               |
| 9. Federal and foreign income taxes (paid) recovered .....  | (3,880,938)       | (20,206,210)    |
| 10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9) .....                        | 30,841,094        | 43,783,012      |
| <b>Cash from Investments</b>  |                   |                 |
| 11. Proceeds from investments sold, matured or repaid:  |                   |                 |
| 11.1 Bonds .....  | 38,482,410        | 104,727,056     |
| 11.2 Stocks .....   | 0                 | 1,031,750       |
| 11.3 Mortgage loans .....   | 0                 | 0               |
| 11.4 Real estate .....  | 0                 | 0               |
| 11.5 Other invested assets .....  | 0                 | 0               |
| 11.6 Net gains or (losses) on cash and short-term investments .....   | 0                 | 0               |
| 11.7 Miscellaneous proceeds .....   | 117,357           | 0               |
| 11.8 Total investment proceeds (Lines 11.1 to 11.7) .....   | 38,599,767        | 105,758,806     |
| 12. Cost of investments acquired (long-term only):  |                   |                 |
| 12.1 Bonds .....  | 76,014,134        | 158,875,814     |
| 12.2 Stocks .....   | 0                 | 1,031,750       |
| 12.3 Mortgage loans .....   | 0                 | 0               |
| 12.4 Real estate .....  | 0                 | 0               |
| 12.5 Other invested assets .....  | 0                 | 0               |
| 12.6 Miscellaneous applications .....   | 0                 | 150,556         |
| 12.7 Total investments acquired (Lines 12.1 to 12.6) .....  | 76,014,134        | 160,058,120     |
| 13. Net Cash from investments (Line 11.8 minus Line 12.7) .....   | (37,414,367)      | (54,299,314)    |
| <b>Cash from Financing and Miscellaneous Sources</b>  |                   |                 |
| 14. Cash provided:  |                   |                 |
| 14.1 Surplus notes, capital and surplus paid in .....   | 0                 | 0               |
| 14.2 Capital notes \$ ..... less amounts repaid \$ .....  | 0                 | 0               |
| 14.3 Net transfers from affiliates .....  | 0                 | 2,770,994       |
| 14.4 Borrowed funds received .....  | 0                 | 0               |
| 14.5 Other cash provided .....  | 2,567             | 0               |
| 14.6 Total (Lines 14.1 to 14.5) .....   | 2,567             | 2,770,994       |
| 15. Cash applied:   |                   |                 |
| 15.1 Dividends to stockholders paid .....   | 0                 | 0               |
| 15.2 Net transfers to affiliates .....  | 3,454,883         | 0               |
| 15.3 Borrowed funds repaid .....  | 0                 | 0               |
| 15.4 Other applications .....   | 0                 | 0               |
| 15.5 Total (Lines 15.1 to 15.4) .....   | 3,454,883         | 0               |
| 16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5) .....                               | (3,452,316)       | 2,770,994       |
| <b>RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS</b>  |                   |                 |
| 17. Net change in cash and short-term investments (Line 10, plus Line 13, plus Line 16) .....                         | (10,025,589)      | (7,745,309)     |
| 18. Cash and short-term investments:  |                   |                 |
| 18.1 Beginning of year .....  | 13,998,426        | 21,743,734      |
| 18.2 End of year (Line 17 plus Line 18.1) .....   | 3,972,837         | 13,998,426      |
| <b>DETAILS OF WRITE-INS</b>   |                   |                 |
| 07.401 Finance and Service Charges .....  | 360,754           | 360,937         |
| 07.402 Miscellaneous Income .....   | 562,739           | 578,364         |
| 07.403 .....  | 0                 | 0               |
| 07.498 Summary of remaining write-ins for Line 7.4 from overflow page .....   | 0                 | 0               |
| 07.499 Totals (Lines 07.401 thru 07.403 plus 07.498) (Line 7.4 above) .....   | 923,493           | 939,301         |

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1 - PREMIUMS EARNED**

| Lines of Business           |   | 1  | 2  | 3  | 4   |
|-----------------------------|---|--|--|--|---|
|                             |   | Net Premiums<br>Written per<br>Column 6, Part 1B | Unearned Premiums<br>Dec. 31 Prior Year -<br>per Col. 3, Last Year's<br>Part 2 | Unearned Premiums<br>Dec. 31 Current<br>Year - per Col. 5<br>Part 1A | Premiums Earned<br>During Year<br>(Cols. 1 + 2 - 3) |
| 1.                          | Fire .....  | 1,408,811  | 832,275  | 835,290  | 1,405,796   |
| 2.                          | Allied lines .....  | 1,982,756  | 1,141,618  | 1,168,099  | 1,956,275   |
| 3.                          | Farmowners multiple peril .....                                     | 0  | 0  | 0  | 0   |
| 4.                          | Homeowners multiple peril .....                                     | 114,826,435                                      | 73,007,502   | 77,739,785   | 110,094,152   |
| 5.                          | Commercial multiple peril .....                                     | 0  | 0  | 0  | 0   |
| 6.                          | Mortgage guaranty .....   | 0  | 0  | 0  | 0   |
| 8.                          | Ocean marine .....  | 0  | 0  | 0  | 0   |
| 9.                          | Inland marine .....   | 10,176,378                                       | 6,078,430  | 6,437,493  | 9,817,315   |
| 10.                         | Financial guaranty .....  | 0  | 0  | 0  | 0   |
| 11.1                        | Medical malpractice - occurrence .....                              | 0  | 0  | 0  | 0   |
| 11.2                        | Medical malpractice - claims-made .....                             | 0  | 0  | 0  | 0   |
| 12.                         | Earthquake .....  | 39,859   | 18,125   | 19,091   | 38,893  |
| 13.                         | Group accident and health .....                                     | 0  | 0  | 0  | 0   |
| 14.                         | Credit accident and health (group and individual) .....             | 0  | 0  | 0  | 0   |
| 15.                         | Other accident and health .....                                     | 0  | 0  | 0  | 0   |
| 16.                         | Workers' compensation .....   | 0  | 0  | 0  | 0   |
| 17.1                        | Other liability - occurrence .....                                  | 0  | 0  | 0  | 0   |
| 17.2                        | Other liability - claims-made .....                                 | 0  | 0  | 0  | 0   |
| 18.1                        | Products liability - occurrence .....                               | 0  | 0  | 0  | 0   |
| 18.2                        | Products liability - claims-made .....                              | 0  | 0  | 0  | 0   |
| 19.1,19.2                   | Private passenger auto liability .....                              | 0  | 0  | 0  | 0   |
| 19.3,19.4                   | Commercial auto liability .....                                     | 0  | 0  | 0  | 0   |
| 21.                         | Auto physical damage .....  | 0  | 0  | 0  | 0   |
| 22.                         | Aircraft (all perils) .....   | 0  | 0  | 0  | 0   |
| 23.                         | Fidelity .....  | 0  | 0  | 0  | 0   |
| 24.                         | Surety .....  | 0  | 0  | 0  | 0   |
| 26.                         | Burglary and theft .....  | 0  | 0  | 0  | 0   |
| 27.                         | Boiler and machinery .....  | 0  | 0  | 0  | 0   |
| 28.                         | Credit .....  | 0  | 0  | 0  | 0   |
| 29.                         | International .....   | 0  | 0  | 0  | 0   |
| 30.                         | Reinsurance - Nonproportional Assumed Property .....                | 0  | 0  | 0  | 0   |
| 31.                         | Reinsurance - Nonproportional Assumed Liability .....               | 0  | 0  | 0  | 0   |
| 32.                         | Reinsurance - Nonproportional Assumed Financial Lines .....         | 0  | 0  | 0  | 0   |
| 33.                         | Aggregate write-ins for other lines of business .....               | 0  | 0  | 0  | 0   |
| 34.                         | <b>TOTALS</b>   | <b>128,434,239</b>                               | <b>81,077,950</b>  | <b>86,199,758</b>  | <b>123,312,431</b>                                  |
| <b>DETAILS OF WRITE-INS</b> |   |  |  |  |   |
| 3301.                       | .....   | 0  | 0  | 0  | 0   |
| 3302.                       | .....   | 0  | 0  | 0  | 0   |
| 3303.                       | .....   | 0  | 0  | 0  | 0   |
| 3398.                       | Summary of remaining write-ins for Line 33 from overflow page ..... | 0  | 0  | 0  | 0   |
| 3399.                       | Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)             | 0  | 0  | 0  | 0   |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

(a) Gross premiums (less reinsurance) and unearned premiums on all unexpired risks and reserve for return premiums under rate credit or retrospective rating plans based upon experience, viz:

| Line of Business  | 1<br>Amount Unearned<br>(Running One Year or<br>Less from Date of<br>Policy)<br>(b) | 2<br>Amount Unearned<br>(Running More Than<br>One Year from Date<br>of Policy)<br>(b) | 3<br>Earned<br>but<br>Unbilled Premium | 4<br>Reserve for Rate<br>Credits and<br>Retrospective<br>Adjustments Based<br>on Experience | 5<br>Total Reserve<br>for<br>Unearned Premiums<br>Cols: 1 + 2 + 3 + 4 |
|---|---|---|--|---|---|
| 1. Fire .....   | 835,290   |   |  |   | 835,290   |
| 2. Allied lines .....   | 1,168,099   |   |  |   | 1,168,099   |
| 3. Farmowners multiple peril .....  |   |   |  |   | 0   |
| 4. Homeowners multiple peril .....  | 77,739,785  |   |  |   | 77,739,785  |
| 5. Commercial multiple peril .....  |   |   |  |   | 0   |
| 6. Mortgage guaranty .....  |   |   |  |   | 0   |
| 8. Ocean marine .....   |   |   |  |   | 0   |
| 9. Inland marine .....  | 6,437,493   |   |  |   | 6,437,493   |
| 10. Financial guaranty .....  |   |   |  |   | 0   |
| 11.1 Medical malpractice - occurrence .....                               |   |   |  |   | 0   |
| 11.2 Medical malpractice - claims-made .....                              |   |   |  |   | 0   |
| 12. Earthquake .....  | 19,091  |   |  |   | 19,091  |
| 13. Group accident and health .....                                       |   |   |  |   | 0   |
| 14. Credit accident and health (group and individual) .....               |   |   |  |   | 0   |
| 15. Other accident and health .....                                       |   |   |  |   | 0   |
| 16. Workers' compensation .....   |   |   |  |   | 0   |
| 17.1 Other liability - occurrence .....                                   |   |   |  |   | 0   |
| 17.2 Other liability - claims-made .....                                  |   |   |  |   | 0   |
| 18.1 Products liability - occurrence .....                                |   |   |  |   | 0   |
| 18.2 Products liability - claims-made .....                               |   |   |  |   | 0   |
| 19.1,19.2 Private passenger auto liability .....                          |   |   |  |   | 0   |
| 19.3,19.4 Commercial auto liability .....                                 |   |   |  |   | 0   |
| 21. Auto physical damage .....  |   |   |  |   | 0   |
| 22. Aircraft (all perils) .....   |   |   |  |   | 0   |
| 23. Fidelity .....  |   |   |  |   | 0   |
| 24. Surety .....  |   |   |  |   | 0   |
| 26. Burglary and theft .....  |   |   |  |   | 0   |
| 27. Boiler and machinery .....  |   |   |  |   | 0   |
| 28. Credit .....  |   |   |  |   | 0   |
| 29. International .....   |   |   |  |   | 0   |
| 30. Reinsurance - Nonproportional Assumed Property .....                  |   |   |  |   | 0   |
| 31. Reinsurance - Nonproportional Assumed Liability .....                 |   |   |  |   | 0   |
| 32. Reinsurance - Nonproportional Assumed Financial Lines .....           |   |   |  |   | 0   |
| 33. Aggregate write-ins for other lines of business .....                 | 0   | 0   | 0                                      | 0   | 0   |
| 34. TOTALS  | 86,199,758  | 0   | 0                                      | 0   | 86,199,758  |
| 35. Accrued retrospective premiums based on experience .....              |   |   |  |   |   |
| 36. Earned but unbilled premiums .....                                    |   |   |  |   |   |
| 37. Balance (Sum of Line 34 through 36)                                   |   |   |  |   | 86,199,758  |
| <b>DETAILS OF WRITE-INS</b>   |   |   |  |   |   |
| 3301. ....  |   |   |  |   |   |
| 3302. ....  |   |   |  |   |   |
| 3303. ....  |   |   |  |   |   |
| 3398. Summary of remaining write-ins for Line 33 from overflow page ..... | 0   | 0   | 0                                      | 0   | 0   |
| 3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)             | 0   | 0   | 0                                      | 0   | 0   |

(a) By gross premiums is meant the aggregate of all the premiums written in the policies or renewals in force.

Are they so returned in this statement? Yes [ X ] No [ ]

(b) State here basis of computation used in each case .

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 1B - PREMIUMS WRITTEN**

Gross Premiums (Less Return Premiums), Including Policy and Membership Fees Written and Renewed During Year

| Line of Business  | 1<br>Direct<br>Business<br>(a) | Reinsurance Assumed     |                             | Reinsurance Ceded     |                           | 6<br>Net Premiums<br>Written Cols.<br>1 + 2 + 3 - 4 - 5 |
|---|--------------------------------|-------------------------|-----------------------------|-----------------------|---------------------------|---|
|   |                                | 2<br>From<br>Affiliates | 3<br>From<br>Non-Affiliates | 4<br>To<br>Affiliates | 5<br>To<br>Non-Affiliates |   |
| 1. Fire   | 1,750,853                      |                         |                             | 149,291               | 192,751                   | 1,408,811   |
| 2. Allied lines   | 2,454,991                      |                         |                             | 206,116               | 266,119                   | 1,982,756   |
| 3. Farmowners multiple peril  |                                |                         |                             |                       |                           | 0   |
| 4. Homeowners multiple peril  | 156,932,449                    |                         |                             | 12,166,421            | 29,939,593                | 114,826,435   |
| 5. Commercial multiple peril  |                                |                         |                             |                       |                           | 0   |
| 6. Mortgage guaranty  |                                |                         |                             |                       |                           | 0   |
| 8. Ocean marine   |                                |                         |                             |                       |                           | 0   |
| 9. Inland marine  | 12,753,940                     |                         |                             | 1,124,944             | 1,452,618                 | 10,176,378  |
| 10. Financial guaranty  |                                |                         |                             |                       |                           | 0   |
| 11.1 Medical malpractice - occurrence                               |                                |                         |                             |                       |                           | 0   |
| 11.2 Medical malpractice - claims-made                              |                                |                         |                             |                       |                           | 0   |
| 12. Earthquake  | 47,203                         |                         |                             | 3,288                 | 4,057                     | 39,859  |
| 13. Group accident and health                                       |                                |                         |                             |                       |                           | 0   |
| 14. Credit accident and health (group and individual)               |                                |                         |                             |                       |                           | 0   |
| 15. Other accident and health                                       |                                |                         |                             |                       |                           | 0   |
| 16. Workers' compensation   |                                |                         |                             |                       |                           | 0   |
| 17.1 Other liability - occurrence                                   |                                |                         |                             |                       |                           | 0   |
| 17.2 Other liability - claims-made                                  |                                |                         |                             |                       |                           | 0   |
| 18.1 Products liability - occurrence                                |                                |                         |                             |                       |                           | 0   |
| 18.2 Products liability - claims-made                               |                                |                         |                             |                       |                           | 0   |
| 19.1,19.2 Private passenger auto liability                          |                                |                         |                             |                       |                           | 0   |
| 19.3,19.4 Commercial auto liability                                 |                                |                         |                             |                       |                           | 0   |
| 21. Auto physical damage  |                                |                         |                             |                       |                           | 0   |
| 22. Aircraft (all perils)   |                                |                         |                             |                       |                           | 0   |
| 23. Fidelity  |                                |                         |                             |                       |                           | 0   |
| 24. Surety  |                                |                         |                             |                       |                           | 0   |
| 26. Burglary and theft  |                                |                         |                             |                       |                           | 0   |
| 27. Boiler and machinery  |                                |                         |                             |                       |                           | 0   |
| 28. Credit  |                                |                         |                             |                       |                           | 0   |
| 29. International   |                                |                         |                             |                       |                           | 0   |
| 30. Reinsurance - Nonproportional Assumed Property                  | XXX                            |                         |                             |                       |                           | 0   |
| 31. Reinsurance - Nonproportional Assumed Liability                 | XXX                            |                         |                             |                       |                           | 0   |
| 32. Reinsurance - Nonproportional Assumed Financial Lines           | XXX                            |                         |                             |                       |                           | 0   |
| 33. Aggregate write-ins for other lines of business                 | 0                              | 0                       | 0                           | 0                     | 0                         | 0   |
| 34. TOTALS  | 173,939,435                    | 0                       | 0                           | 13,650,059            | 31,855,137                | 128,434,239   |
| <b>DETAILS OF WRITE-INS</b>   |                                |                         |                             |                       |                           |   |
| 3301.   |                                |                         |                             |                       |                           |   |
| 3302.   |                                |                         |                             |                       |                           |   |
| 3303.   |                                |                         |                             |                       |                           |   |
| 3398. Summary of remaining write-ins for Line 33 from overflow page | 0                              | 0                       | 0                           | 0                     | 0                         | 0   |
| 3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)       | 0                              | 0                       | 0                           | 0                     | 0                         | 0   |

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [ ] No [ X ]

If yes: 1. The amount of such installment premiums \$ .....

2. Amount at which such installment premiums would have been reported had they been reported on an annualized basis \$ .....

**ANNUAL STATEMENT FOR THE YEAR 2002 OF THE NATIONWIDE INSURANCE COMPANY OF FLORIDA**

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2 - LOSSES PAID AND INCURRED**

| Line of Business  | Losses Paid Less Salvage |                             |                               |  | 5<br>Net Losses<br>Unpaid<br>Current Year<br>(Part 2A, Col. 8) | 6<br>Net Losses<br>Unpaid<br>Previous Year | 7<br>Losses Incurred<br>Current Year<br>(Cols. 4 + 5 - 6) | 8<br>Percentage of Losses<br>Incurred<br>(Col. 7, Part 2)<br>to Premiums Earned<br>(Col. 4, Part 1) |
|---|--------------------------|-----------------------------|-------------------------------|--|--|--|---|---|
|   | 1<br>Direct Business     | 2<br>Reinsurance<br>Assumed | 3<br>Reinsurance<br>Recovered | 4<br>Net Payments<br>(Cols. 1 + 2 - 3) |  |  |   |   |
| 1. Fire   | 1,013,528                |                             |                               | 1,013,528                              | 112,534  | 145,896                                    | 980,166   | 69.7  |
| 2. Allied lines   | 850,349                  |                             |                               | 850,349                                | 267,898  | 197,393                                    | 920,854   | 47.1  |
| 3. Farmowners multiple peril  |                          |                             |                               | .0                                     | .0   | .0   | .0  | .0  |
| 4. Homeowners multiple peril  | 53,983,765               |                             |                               | 53,983,765                             | 30,865,293   | 20,425,051                                 | 64,424,007  | 58.5  |
| 5. Commercial multiple peril  |                          |                             |                               | .0                                     | .0   | .0   | .0  | .0  |
| 6. Mortgage guaranty  |                          |                             |                               | .0                                     | .0   | .0   | .0  | .0  |
| 8. Ocean marine   |                          |                             |                               | .0                                     | .0   | .0   | .0  | .0  |
| 9. Inland marine  | 3,768,881                |                             |                               | 3,768,881                              | 2,236,664  | 1,271,531                                  | 4,734,015   | 48.2  |
| 10. Financial guaranty  |                          |                             |                               | .0                                     | .0   | .0   | .0  | .0  |
| 11.1 Medical malpractice - occurrence                               |                          |                             |                               | .0                                     | .0   | .0   | .0  | .0  |
| 11.2 Medical malpractice - claims-made                              |                          |                             |                               | .0                                     | .0   | .0   | .0  | .0  |
| 12. Earthquake  |                          |                             |                               | .0                                     | 3,472  | 3,334                                      | 138   | .4  |
| 13. Group accident and health                                       |                          |                             |                               | .0                                     | .0   | .0   | .0  | .0  |
| 14. Credit accident and health (group and individual)               |                          |                             |                               | .0                                     | .0   | .0   | .0  | .0  |
| 15. Other accident and health                                       |                          |                             |                               | .0                                     | .0   | .0   | .0  | .0  |
| 16. Workers' compensation   |                          |                             |                               | .0                                     | .0   | .0   | .0  | .0  |
| 17.1 Other liability - occurrence                                   |                          |                             |                               | .0                                     | .0   | .0   | .0  | .0  |
| 17.2 Other liability - claims-made                                  |                          |                             |                               | .0                                     | .0   | .0   | .0  | .0  |
| 18.1 Products liability - occurrence                                |                          |                             |                               | .0                                     | .0   | .0   | .0  | .0  |
| 18.2 Products liability - claims-made                               |                          |                             |                               | .0                                     | .0   | .0   | .0  | .0  |
| 19.1,19.2 Private passenger auto liability                          |                          |                             |                               | .0                                     | .0   | .0   | .0  | .0  |
| 19.3,19.4 Commercial auto liability                                 |                          |                             |                               | .0                                     | .0   | .0   | .0  | .0  |
| 21. Auto physical damage  |                          |                             |                               | .0                                     | .0   | .0   | .0  | .0  |
| 22. Aircraft (all perils)   |                          |                             |                               | .0                                     | .0   | .0   | .0  | .0  |
| 23. Fidelity  |                          |                             |                               | .0                                     | .0   | .0   | .0  | .0  |
| 24. Surety  |                          |                             |                               | .0                                     | .0   | .0   | .0  | .0  |
| 26. Burglary and theft  |                          |                             |                               | .0                                     | .0   | .0   | .0  | .0  |
| 27. Boiler and machinery  |                          |                             |                               | .0                                     | .0   | .0   | .0  | .0  |
| 28. Credit  |                          |                             |                               | .0                                     | .0   | .0   | .0  | .0  |
| 29. International   |                          |                             |                               | .0                                     | .0   | .0   | .0  | .0  |
| 30. Reinsurance - Nonproportional Assumed Property                  | XXX                      |                             |                               | .0                                     | .0   | .0   | .0  | .0  |
| 31. Reinsurance - Nonproportional Assumed Liability                 | XXX                      |                             |                               | .0                                     | .0   | .0   | .0  | .0  |
| 32. Reinsurance - Nonproportional Assumed Financial Lines           | XXX                      |                             |                               | .0                                     | .0   | .0   | .0  | .0  |
| 33. Aggregate write-ins for other lines of business                 | .0                       | .0                          | .0                            | .0                                     | .0   | .0   | .0  | .0  |
| 34. TOTALS  | 59,616,523               | 0                           | 0                             | 59,616,523                             | 33,485,861   | 22,043,204                                 | 71,059,180  | 57.6  |
| <b>DETAILS OF WRITE-INS</b>   |                          |                             |                               |  |  |  |   |   |
| 3301.   |                          |                             |                               | .0                                     | .0   | .0   | .0  | .0  |
| 3302.   |                          |                             |                               | .0                                     | .0   | .0   | .0  | .0  |
| 3303.   |                          |                             |                               | .0                                     | .0   | .0   | .0  | .0  |
| 3398. Summary of remaining write-ins for Line 33 from overflow page | .0                       | .0                          | .0                            | .0                                     | .0   | .0   | .0  | .0  |
| 3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)       | 0                        | 0                           | 0                             | 0                                      | 0  | 0  | 0   | 0.0   |

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE NATIONWIDE INSURANCE COMPANY OF FLORIDA

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES**

| Line of Business  | Reported Losses |                          |  |   | Incurred But Not Reported |                          |                        | 8<br>Net Losses Unpaid<br>(Cols. 4 +5 + 6 - 7) | 9<br>Unpaid Loss Adjustment Expenses |
|---|-----------------|--------------------------|--|---|---------------------------|--------------------------|------------------------|--|--------------------------------------|
|   | 1<br>Direct     | 2<br>Reinsurance Assumed | 3<br>Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies | 4<br>Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3) | 5<br>Direct               | 6<br>Reinsurance Assumed | 7<br>Reinsurance Ceded |  |                                      |
| 1. Fire   | .56,163         |                          |  | .56,163   | .56,371                   |                          |                        | 112,534  | 6,441                                |
| 2. Allied lines   | 189,905         |                          |  | 189,905   | 77,993                    |                          |                        | 267,898  | 8,892                                |
| 3. Farmowners multiple peril  |                 |                          |  | .0  |                           |                          |                        | .0   |                                      |
| 4. Homeowners multiple peril  | 19,359,805      |                          |  | 19,359,805  | 11,505,488                |                          |                        | 30,865,293                                     | 3,248,131                            |
| 5. Commercial multiple peril  |                 |                          |  | .0  |                           |                          |                        | .0   |                                      |
| 6. Mortgage guaranty  |                 |                          |  | .0  |                           |                          |                        | .0   |                                      |
| 8. Ocean marine   |                 |                          |  | .0  |                           |                          |                        | .0   |                                      |
| 9. Inland marine  | 1,073,996       |                          |  | 1,073,996   | 1,162,668                 |                          |                        | 2,236,664                                      | 174,891                              |
| 10. Financial guaranty  |                 |                          |  | .0  |                           |                          |                        | .0   |                                      |
| 11.1 Medical malpractice - occurrence                               |                 |                          |  | .0  |                           |                          |                        | .0   |                                      |
| 11.2 Medical malpractice - claims-made                              |                 |                          |  | .0  |                           |                          |                        | .0   |                                      |
| 12. Earthquake  |                 |                          |  | .0  | 3,472                     |                          |                        | 3,472  | 658                                  |
| 13. Group accident and health                                       |                 |                          |  | .0  |                           |                          | (a)                    | .0   |                                      |
| 14. Credit accident and health (group and individual)               |                 |                          |  | .0  |                           |                          | (a)                    | .0   |                                      |
| 15. Other accident and health                                       |                 |                          |  | .0  |                           |                          |                        | .0   |                                      |
| 16. Workers' compensation   |                 |                          |  | .0  |                           |                          |                        | .0   |                                      |
| 17.1 Other liability - occurrence                                   |                 |                          |  | .0  |                           |                          |                        | .0   |                                      |
| 17.2 Other liability - claims-made                                  |                 |                          |  | .0  |                           |                          |                        | .0   |                                      |
| 18.1 Products liability - occurrence                                |                 |                          |  | .0  |                           |                          |                        | .0   |                                      |
| 18.2 Products liability - claims-made                               |                 |                          |  | .0  |                           |                          |                        | .0   |                                      |
| 19.1,19.2 Private passenger auto liability                          |                 |                          |  | .0  |                           |                          |                        | .0   |                                      |
| 19.3,19.4 Commercial auto liability                                 |                 |                          |  | .0  |                           |                          |                        | .0   |                                      |
| 21. Auto physical damage  |                 |                          |  | .0  |                           |                          |                        | .0   |                                      |
| 22. Aircraft (all perils)   |                 |                          |  | .0  |                           |                          |                        | .0   |                                      |
| 23. Fidelity  |                 |                          |  | .0  |                           |                          |                        | .0   |                                      |
| 24. Surety  |                 |                          |  | .0  |                           |                          |                        | .0   |                                      |
| 26. Burglary and theft  |                 |                          |  | .0  |                           |                          |                        | .0   |                                      |
| 27. Boiler and machinery  |                 |                          |  | .0  |                           |                          |                        | .0   |                                      |
| 28. Credit  |                 |                          |  | .0  |                           |                          |                        | .0   |                                      |
| 29. International   |                 |                          |  | .0  |                           |                          |                        | .0   |                                      |
| 30. Reinsurance - Nonproportional Assumed Property                  | XXX             |                          |  | .0  | XXX                       |                          |                        | .0   |                                      |
| 31. Reinsurance - Nonproportional Assumed Liability                 | XXX             |                          |  | .0  | XXX                       |                          |                        | .0   |                                      |
| 32. Reinsurance - Nonproportional Assumed Financial Lines           | XXX             |                          |  | .0  | XXX                       |                          |                        | .0   |                                      |
| 33. Aggregate write-ins for other lines of business                 | .0              | .0                       | .0   | .0  | .0                        | .0                       | .0                     | .0   | .0                                   |
| 34. TOTALS  | 20,679,869      | 0                        | 0  | 20,679,869  | 12,805,992                | 0                        | 0                      | 33,485,861                                     | 3,439,013                            |
| <b>DETAILS OF WRITE-INS</b>   |                 |                          |  |   |                           |                          |                        |  |                                      |
| 3301.   |                 |                          |  |   |                           |                          |                        |  |                                      |
| 3302.   |                 |                          |  |   |                           |                          |                        |  |                                      |
| 3303.   |                 |                          |  |   |                           |                          |                        |  |                                      |
| 3398. Summary of remaining write-ins for Line 33 from overflow page | .0              | .0                       | .0   | .0  | .0                        | .0                       | .0                     | .0   | .0                                   |
| 3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)       | 0               | 0                        | 0  | 0   | 0                         | 0                        | 0                      | 0  | 0                                    |

(a) Including \$ 0 for present value of life indemnity claims.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

|  | 1<br>Loss Adjustment<br>Expenses | 2<br>Other Underwriting<br>Expenses | 3<br>Investment<br>Expenses | 4<br>Total     |
|--|----------------------------------|-------------------------------------|-----------------------------|----------------|
| 1. Claim adjustment services:  |                                  |                                     |                             |                |
| 1.1 Direct .....   | 2,391,849                        |                                     |                             | 2,391,849      |
| 1.2 Reinsurance assumed .....  | 0                                |                                     |                             | 0              |
| 1.3 Reinsurance ceded .....  | 0                                |                                     |                             | 0              |
| 1.4 Net claim adjustment service (1.1 + 1.2 - 1.3) .....                                   | 2,391,849                        | 0                                   | 0                           | 2,391,849      |
| 2. Commission and brokerage:   |                                  |                                     |                             |                |
| 2.1 Direct excluding contingent .....  |                                  | 25,267,152                          |                             | 25,267,152     |
| 2.2 Reinsurance assumed excluding contingent .....   |                                  |                                     |                             | 0              |
| 2.3 Reinsurance ceded excluding contingent .....   |                                  |                                     |                             | 0              |
| 2.4 Contingent-direct .....  |                                  | 1,566,593                           |                             | 1,566,593      |
| 2.5 Contingent-reinsurance assumed .....   |                                  |                                     |                             | 0              |
| 2.6 Contingent-reinsurance ceded .....   |                                  |                                     |                             | 0              |
| 2.7 Policy and membership fees .....   |                                  |                                     |                             | 0              |
| 2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7) .....           | 0                                | 26,833,745                          | 0                           | 26,833,745     |
| 3. Allowances to managers and agents .....   | 11                               | 441                                 | 9                           | 461            |
| 4. Advertising .....   | 403                              | 958,955                             | 319                         | 959,677        |
| 5. Boards, bureaus and associations .....  | 28,731                           | 105,939                             | 0                           | 134,670        |
| 6. Surveys and underwriting reports .....  | 1,762                            | 374,837                             | 59                          | 376,658        |
| 7. Audit of assureds' records .....  | 0                                | 0                                   | 0                           | 0              |
| 8. Salary and related items:   |                                  |                                     |                             |                |
| 8.1 Salaries .....   | 3,974,881                        | 6,972,699                           | 1,073,067                   | 12,020,647     |
| 8.2 Payroll taxes .....  | 212,998                          | 736,148                             | 69,559                      | 1,018,705      |
| 9. Employee relations and welfare .....  | 502,093                          | 235,781                             | 201,639                     | 939,513        |
| 10. Insurance .....  | 63,226                           | 318,343                             | 700                         | 382,269        |
| 11. Directors' fees .....  | 9,824                            | 33,693                              | 19,907                      | 63,424         |
| 12. Travel and travel items .....  | 514,981                          | 488,953                             | 52,487                      | 1,056,421      |
| 13. Rent and rent items .....  | 309,269                          | 647,420                             | 27,496                      | 984,185        |
| 14. Equipment .....  | 804,249                          | 3,862,354                           | 16,135                      | 4,682,738      |
| 15. Cost or depreciation of EDP equipment and software .....                               | 140,806                          | 510,370                             | 0                           | 651,176        |
| 16. Printing and stationery .....  | 70,128                           | 824,074                             | 6,413                       | 900,615        |
| 17. Postage, telephone and telegraph, exchange and express .....                           | 394,545                          | 1,187,085                           | 4,152                       | 1,585,782      |
| 18. Legal and auditing .....   | 93,788                           | 1,387,028                           | 60,089                      | 1,540,905      |
| 19. Totals (Lines 3 to 18) .....   | 7,121,695                        | 18,644,120                          | 1,532,031                   | 27,297,846     |
| 20. Taxes, licenses and fees:  |                                  |                                     |                             |                |
| 20.1 State and local insurance taxes deducting guaranty association credits of \$ .....    | 0                                | 2,226,425                           |                             | 2,226,425      |
| 20.2 Insurance department licenses and fees .....  |                                  | 38,809                              |                             | 38,809         |
| 20.3 Gross guaranty association assessments .....  |                                  | 0                                   |                             | 0              |
| 20.4 All other (excluding federal and foreign income and real estate) .....                |                                  | 543,723                             |                             | 543,723        |
| 20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4) .....                      | 0                                | 2,808,957                           | 0                           | 2,808,957      |
| 21. Real estate expenses .....   |                                  |                                     |                             | 0              |
| 22. Real estate taxes .....  |                                  |                                     |                             | 0              |
| 23. Reimbursements by uninsured accident and health plans .....                            |                                  |                                     |                             | 0              |
| 24. Aggregate write-ins for miscellaneous expenses .....                                   | (593,895)                        | 1,002,836                           | 0                           | 408,941        |
| 25. Total expenses incurred .....  | 8,919,649                        | 49,289,658                          | 1,532,031                   | (a) 59,741,338 |
| 26. Less unpaid expenses - current year .....  | 3,439,012                        | 2,391,766                           | 0                           | 5,830,778      |
| 27. Add unpaid expenses - prior year .....   | 2,404,622                        | 1,159,552                           | 0                           | 3,564,174      |
| 28. Amounts receivable relating to uninsured accident and health plans, prior year .....   | 0                                | 0                                   | 0                           | 0              |
| 29. Amounts receivable relating to uninsured accident and health plans, current year ..... |                                  |                                     |                             | 0              |
| 30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29) .....                               | 7,885,259                        | 48,057,444                          | 1,532,031                   | 57,474,734     |
| <b>DETAILS OF WRITE-INS</b>  |                                  |                                     |                             |                |
| 2401. Service Fees .....   |                                  | 3,606,920                           |                             | 3,606,920      |
| 2402. Other Expenses .....   | (674)                            | (4,938)                             |                             | (5,612)        |
| 2403. Donations .....  | 3,460                            | 238,337                             |                             | 241,797        |
| 2498. Summary of remaining write-ins for Line 24 from overflow page .....                  | (596,681)                        | (2,837,483)                         | 0                           | (3,434,164)    |
| 2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above) .....                        | (593,895)                        | 1,002,836                           | 0                           | 408,941        |

(a) Includes management fees of \$ .....0 paid to affiliates and \$ .....0 paid to non-affiliates.

**EXHIBIT OF NET INVESTMENT INCOME**

|   | 1<br>Collected<br>During Year | 2<br>Earned<br>During Year |
|---|-------------------------------|----------------------------|
| 1. U.S. Government bonds  | (a) 3,208,490                 | 3,208,137                  |
| 1.1 Bonds exempt from U.S. tax  | (a) 1,622,804                 | 1,706,949                  |
| 1.2 Other bonds (unaffiliated)  | (a) 20,980,660                | 21,570,265                 |
| 1.3 Bonds of affiliates   | (a) 0                         | 0                          |
| 2.1 Preferred stocks (unaffiliated)                                     | (b) 63,632                    | 63,632                     |
| 2.11 Preferred stocks of affiliates                                     | (b) 0                         | 0                          |
| 2.2 Common stocks (unaffiliated)  | 0                             | 0                          |
| 2.21 Common stocks of affiliates  | 0                             | 0                          |
| 3. Mortgage loans   | (c)                           |                            |
| 4. Real estate  | (d)                           |                            |
| 5. Contract loans   |                               |                            |
| 6. Cash/short-term investments  | (e) 295,760                   | 295,760                    |
| 7. Derivative instruments   | (f)                           |                            |
| 8. Other invested assets  |                               |                            |
| 9. Aggregate write-ins for investment income                            | (95)                          | (95)                       |
| 10. Total gross investment income                                       | 26,171,251                    | 26,844,648                 |
| 11. Investment expenses   |                               | (g) 1,532,030              |
| 12. Investment taxes, licenses and fees, excluding federal income taxes |                               | (g)                        |
| 13. Interest expense  |                               | (h) 12,747                 |
| 14. Depreciation on real estate and other invested assets               |                               | (i)                        |
| 15. Aggregate write-ins for deductions from investment income           |                               | 0                          |
| 16. Total (Lines 11 through 15)   |                               | 1,544,777                  |
| 17. Net Investment Income - (Line 10 minus Line 16)                     |                               | 25,299,871                 |
| <b>DETAILS OF WRITE-INS</b>   |                               |                            |
| 0901. Miscellaneous Investment Income                                   | (95)                          | (95)                       |
| 0902.   |                               |                            |
| 0903.   |                               |                            |
| 0998. Summary of remaining write-ins for Line 9 from overflow page      | 0                             | 0                          |
| 0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)        | (95)                          | (95)                       |
| 1501.   |                               |                            |
| 1502.   |                               |                            |
| 1503.   |                               |                            |
| 1598. Summary of remaining write-ins for Line 15 from overflow page     |                               | 0                          |
| 1599. Total (Lines 1501 through 1503 plus 1598) (Line 15, above)        |                               | 0                          |

- (a) Includes \$ 384,186 accrual of discount less \$ 2,349,920 amortization of premium and less \$ 902,511 paid for accrued interest on purchases.
- (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
- (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (f) Includes \$ accrual of discount less \$ amortization of premium.
- (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

|  | 1<br>Realized<br>Gain (Loss)<br>On Sales or<br>Maturity | 2<br>Other<br>Realized<br>Adjustments | 3<br>Increases<br>(Decreases)<br>by<br>Adjustment | 4<br>Net Gain (Loss) from<br>Change in Difference<br>Between Basis Book/<br>Adjusted Carrying and<br>Admitted Values | 5<br>Total |
|--|---|---------------------------------------|---|--|------------|
| 1. U.S. Government bonds   | 0   | 0                                     | 0   |  | 0          |
| 1.1 Bonds exempt from U.S. tax                                     |   |                                       |   |  | 0          |
| 1.2 Other bonds (unaffiliated)                                     | (92,419)  | 0                                     | (695,926)   |  | (788,345)  |
| 1.3 Bonds of affiliates  |   |                                       |   |  | 0          |
| 2.1 Preferred stocks (unaffiliated)                                |   |                                       | (207,047)   |  | (207,047)  |
| 2.11 Preferred stocks of affiliates                                |   |                                       |   |  | 0          |
| 2.2 Common stocks (unaffiliated)                                   |   |                                       |   |  | 0          |
| 2.21 Common stocks of affiliates                                   |   |                                       |   |  | 0          |
| 3. Mortgage loans  |   |                                       |   |  | 0          |
| 4. Real estate   |   |                                       |   |  | 0          |
| 5. Contract loans  |   |                                       |   |  | 0          |
| 6. Cash/Short-term investments                                     |   |                                       |   |  | 0          |
| 7. Derivative instruments  |   |                                       |   |  | 0          |
| 8. Other invested assets   |   |                                       |   |  | 0          |
| 9. Aggregate write-ins for capital gains (losses)                  | 0   | 0                                     | 0   | 0  | 0          |
| 10. Total capital gains (losses)                                   | (92,419)  | 0                                     | (902,973)   | 0  | (995,392)  |
| <b>DETAILS OF WRITE-INS</b>  |   |                                       |   |  |            |
| 0901.  |   |                                       |   |  |            |
| 0902.  |   |                                       |   |  |            |
| 0903.  |   |                                       |   |  |            |
| 0998. Summary of remaining write-ins for Line 9 from overflow page | 0   | 0                                     | 0   | 0  | 0          |
| 0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)   | 0   | 0                                     | 0   | 0  | 0          |

**EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS**

|  | 1<br>End of<br>Current Year | 2<br>End of<br>Prior Year | 3<br>Changes for Year<br>(Increase) Decrease |
|--|-----------------------------|---------------------------|--|
| 1. Summary of Items Page 2, Lines 10 to 17 and 19 to 23, Column 2 .....  | 605,358                     | 20,468                    | (584,890)                                    |
| 2. Other Nonadmitted Assets:   |                             |                           |  |
| 2.1 Bills receivable .....   |                             | 0                         | 0  |
| 2.2 Furniture, equipment and supplies .....                              |                             | 0                         | 0  |
| 2.3 Leasehold improvements .....   |                             | 0                         | 0  |
| 2.4 Loans on personal security, endorsed or not .....                    |                             | 0                         | 0  |
| 3. Total (Lines 2.1 to 2.4) .....  | 0                           | 0                         | 0  |
| 4. Aggregate write-ins for other assets .....                            | 0                           | 0                         | 0  |
| 5. Total (Line 1 plus Lines 3 and 4)                                     | 605,358                     | 20,468                    | (584,890)                                    |
| 0401. ....   |                             |                           |  |
| 0402. ....   |                             |                           |  |
| 0403. ....   |                             |                           |  |
| 0498. Summary of remaining write-ins for Line 4 from overflow page ..... | 0                           | 0                         | 0  |
| 0499. Totals (Lines 0401 thru 0403 plus 0498) (Line 4 above)             | 0                           | 0                         | 0  |

## NOTES TO FINANCIAL STATEMENTS

### Note 1 - Summary of Significant Accounting Policies

#### A. Accounting Practices

The accompanying statutory financial statements of Nationwide Insurance Company of Florida (the Company) have been prepared in conformity with accounting practices prescribed or permitted by the National Association of Insurance Commissioners and the State of Ohio.

Throughout this statement, the failure of items to add to the totals shown is due to the dropping of amounts less than one dollar.

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

In preparing the statutory financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the statutory financial statements and revenues and expenses for the reporting period. Actual results could differ from those estimates.

#### C. Accounting Policies

Premiums are earned over the terms of the related policies and reinsurance contracts. Unearned premiums are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct business and are based on reports received from ceding companies for reinsurance assumed. Expenses incurred in connections with acquiring new insurance business including acquisition costs such as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

In addition, the Company uses the following accounting policies:

1. Short-term investments are stated at amortized cost.
2. Bonds not backed by other loans are stated at amortized cost using the interest method. Non-investment grade bonds are stated at the lower of amortized value or fair value.
3. Common Stocks, other than investments in stocks of subsidiaries and affiliated, are stated at market.
4. Redeemable preferred stocks are stated at amortized value. Perpetual preferred stocks are stated at fair value. Non-investment grade preferred stocks are stated at the lower of amortized value or fair value.
5. First lien mortgage loans on real estate are stated at their unpaid principal balance. Mortgages other than first liens are nonadmitted.
6. Loan-backed securities are stated at amortized cost. The retrospective adjustment method is used to value all loan-backed securities. Non-investment grade securities are stated at the lower of amortized value or fair value.
7. Investments in subsidiary and affiliated companies are stated as follows:
  - Not applicable.
8. Investments in joint ventures and partnerships are stated at the underlying audited GAAP equity value.
  - Not applicable.
9. Accounting for derivatives
  - Not applicable.
10. The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, Property-Casualty Contracts – Premiums.
11. The liability for losses is provided based upon formula and case basis estimates for losses reported with respect to direct business, estimates of unreported losses based upon past experience, estimates based on information received relating to assumed reinsurance, and deduction for ceded reinsurance, including amounts placed with affiliates. The company reflects its liability for losses net of anticipated salvage and subrogation recoverables.

The liability for loss adjustment expenses is provided by estimating future expenses to be incurred in settlement of claims provided for in the liability for losses, and is stated after deduction for amounts to be recovered from reinsurers, including affiliates.

### Note 2 - Accounting Changes and Corrections of Errors

#### A. Accounting Change or Correction of Error

Not applicable.

#### B. Accounting Changes as a Result of Codification

The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the Ohio Insurance Department. The state of Ohio requires insurance companies domiciled in the state of Ohio to prepare their statutory financial statements in accordance with the NAIC *Accounting Practices and Procedures Manual*, subject to any deviations prescribed or permitted by the Ohio Insurance Department. Many changes were made to this manual effective January 1, 2001 as a result of the NAIC 'Codification Project'.

Accounting changes adopted to conform with the provisions of the new NAIC *Accounting Practices and Procedures Manual* are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle. The cumulative effect is the difference between the amount of policyholders' surplus at the beginning of the year and the amount of policyholders' surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods. As a result of these changes, the Company reported a cumulative effect of changes in accounting principles that increased unassigned funds by approximately \$2.0 million as of January 1, 2001. This change resulted entirely from a \$2.0 million increase for deferred taxes.

### Note 3 - Business Combinations and Goodwill

Not applicable.

## NOTES TO FINANCIAL STATEMENTS

### Note 4 - Discontinued Operations

Not applicable.

### Note 5 - Investments

A. Mortgage Loans

Not applicable.

B. Troubled Debt Restructuring for Creditors

Not applicable.

C. Reverse Mortgages

Not applicable.

D. Loan-Backed Securities

1. The Company has elected to use book value on January 1, 1994 as the cost for applying the retrospective adjustment method to securities purchased prior to that date.
2. Prepayment assumptions for single class and multi-class mortgage-backed/asset-backed securities were obtained from broker dealer survey values or internal estimates.
3. The Company used IDC Interactive Pricing Service to determine the market value of its loan-backed securities.
4. The Company had no negative yield situations requiring a change from the retrospective to prospective method.

E. Repurchase Agreements

For repurchase agreements, Company policies require a minimum of 102% of the fair value of securities purchased under repurchase agreements to be maintained as collateral. Cash collateral received is invested in short-term investments and the offsetting collateral liability is included in aggregate write-ins for liabilities. There were no open repurchase agreements as of year-end.

### Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

A. Detail for Those Greater than 10% of Admitted Assets

Not applicable.

B. Writedowns for Impairments

Not applicable.

### Note 7 - Investment Income

A. Accrued Investment Income

The Company nonadmits investment income due and accrued if amounts are over 90 days past due (180 days for mortgage loans or amounts on mortgage loans in default). The Company's unassigned surplus funds are not restricted in any way.

B. Amounts Nonadmitted

Not applicable.

### Note 8 - Derivative Instruments

Not applicable.

### Note 9 - Income Taxes

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

|  | <u>12/31/02</u> | <u>12/31/01</u> |
|--|-----------------|-----------------|
| 1. Total of all deferred tax assets (admitted and nonadmitted) | 8,565,257       | 7,360,090       |
| 2. Total of all deferred tax liabilities                       | (1,523,682)     | (1,839,723)     |
| 3. Total deferred tax assets nonadmitted                       | (580,868)       | -               |
| 4. Total of all deferred tax assets admitted                   | 6,460,707       | 5,520,367       |
| 5. Increase(decrease) in deferred tax assets nonadmitted       | 580,868         | -               |

B. Deferred tax liabilities are not recognized for the following amounts:

Not applicable.

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

|                                  | <u>12/31/02</u> | <u>12/31/01</u> |
|----------------------------------|-----------------|-----------------|
| 1. Current year expense          | 7,824,957       | 9,135,530       |
| 2. Tax credits                   | -               | -               |
| 3. Prior year over/under accrual | -               | -               |
| 4. Current income tax incurred   | 7,824,957       | 9,135,530       |

The main components of the 2002 deferred tax amounts are as follows:

|                                      | <u>DTAs</u> | <u>Statutory</u> | <u>Tax</u> | <u>Difference</u> | <u>Tax Effect</u> |
|--------------------------------------|-------------|------------------|------------|-------------------|-------------------|
| 6. Reserves                          |             | 36,924,875       | 32,357,328 | 4,567,547         | 1,598,641         |
| 7. UPR                               |             | 86,199,758       | 68,959,806 | 17,239,952        | 6,033,983         |
| 8. Accts Payable & Other Liabilities |             | -                | -          | -                 | -                 |
| 9. Total DTAs                        |             | 123,118,123      | 98,645,960 | 24,472,163        | 8,565,257         |
| 10. DTAs nonadmitted                 |             | 580,868          | N/A        | 580,868           | 580,868           |

## NOTES TO FINANCIAL STATEMENTS

|     | <b>DTLs</b>                     | <b>Statutory</b> | <b>Tax</b>  | <b>Difference</b> | <b>Tax Effect</b> |
|-----|---------------------------------|------------------|-------------|-------------------|-------------------|
| 11. | Bonds                           | 423,729,862      | 419,376,485 | (4,353,377)       | (1,523,682)       |
| 12. | Other Invested Assets           | -                | -           | -                 | -                 |
| 13. | Accts Payable&Other Liabilities | -                | -           | -                 | -                 |
| 14. | Accrued dividends               | -                | -           | -                 | -                 |
| 15. | Total DTLs                      | 423,729,862      | 419,376,485 | (4,353,377)       | (1,523,682)       |

The changes in main components of DTAs and DTLs are as follows:

|     | <b>DTAs</b>                     | <b>12/31/02</b> | <b>12/31/01</b> | <b>Change</b> |
|-----|---------------------------------|-----------------|-----------------|---------------|
| 16. | Reserves                        | 1,598,641       | 1,088,797       | 509,844       |
| 17. | UPR                             | 6,033,983       | 5,675,457       | 358,526       |
| 18. | Accts Payable&Other Liabilities | -               | -               | -             |
| 19. | Total DTAs                      | 8,565,257       | 7,360,090       | 1,205,167     |
| 20. | DTAs nonadmitted                | 580,868         | -               | 580,868       |

|     | <b>DTLs</b>                     | <b>12/31/02</b> | <b>12/31/01</b> | <b>Change</b> |
|-----|---------------------------------|-----------------|-----------------|---------------|
| 21. | Bonds                           | (1,523,682)     | (1,839,723)     | 316,041       |
| 22. | Other Invested Assets           | -               | -               | -             |
| 23. | Accts Payable&Other Liabilities | -               | -               | -             |
| 24. | Accrued dividends               | -               | -               | -             |
| 25. | Total DTLs                      | (1,523,682)     | (1,839,723)     | 316,041       |

D. Among the more significant book to tax adjustments were the following:

|     | <b>Amount</b>                                 | <b>Tax Effect</b> |
|-----|---|-------------------|
| 1.  | Income before taxes                           | 20,500,665        |
| 2.  | Tax-exempt interest, net                      | (1,524,630)       |
| 3.  | Dividends received deduction, net             | (37,861)          |
| 4.  | Dividends received deduction, 100% owned subs | -                 |
| 5.  | Loss reserve discounting                      | 1,456,696         |
| 6.  | Unearned premium adjustment                   | 1,024,362         |
| 7.  | Agents security compensation                  | -                 |
| 8.  | Investment related transactions               | 866,376           |
| 9.  | Depreciation / Amortization                   | -                 |
| 10. | All other                                     | 71,412            |
| 11. | Separate company taxable income               | 22,357,020        |
| 12. | Consolidation                                 | -                 |
| 13. | Reclass to deferred taxes                     | -                 |
| 14. | Prior year over/under accrual                 | -                 |
| 15. | Other   | (1)               |
| 16. | Tax   | 7,824,956         |

E.

|     | <b>Amount</b>                          | <b>Origination</b> | <b>Expiration</b> |
|-----|--|--------------------|-------------------|
| (1) | Amount of operating loss carryforwards | N/A                | -                 |
|     | Amount of tax credits                  | N/A                | -                 |
|     | Business credits                       | N/A                | -                 |

(2) The following are income taxes incurred in the current and prior years that will be available for recoupment in the event of future net losses:

|              |           |
|--------------|-----------|
| Current year | 7,824,957 |
| 2001         | -         |
| 2000         | -         |

F.

(1) The company's federal income tax return is consolidated with the following entities:

|   |  |
|---|--|
| 401(K) Investment Advisors, Inc.  | Nationwide Agency, Inc.                                    |
| 401(K) Investment Services, Inc.  | Nationwide Assurance Company                               |
| The 401(K) Companies, Inc.  | Nationwide Cash Management Company                         |
| Affiliate Agency Inc.   | Nationwide Corporation                                     |
| Affiliate Agency of Ohio, Inc.  | Nationwide Financial Assignment Company                    |
| Agmc Reinsurance, Ltd.  | Nationwide Financial Institution Distributors Agency, Inc. |
| Aid Finance Services, Inc.  | Nationwide Financial Institution Distributors Agency, Inc. |
| Allied Document Solutions, Inc.   | of Mass.   |
| Allied General Agency Company   | Nationwide Financial Institution Distributors Agency, Inc. |
| Allied Group, Inc.  | of New Mexico  |
| Allied Group Insurance Marketing Company                                | Nationwide Financial Services, Inc.                        |
| Allied Property And Casualty Insurance Company                          | Nationwide General Insurance Company                       |
| Allied Texas Agency, Inc.   | Nationwide Global Holdings, Inc.                           |
| Amco Insurance Company  | Nationwide Global Japan, Inc.                              |
| American Marine Underwriters  | Nationwide Health Plans, Inc.                              |
| Cal-Ag Insurance Services, Inc.   | Nationwide Home Mortgage Company                           |
| Calfarm Insurance Agency  | Nationwide Home Mortgage Distributors                      |
| Calfarm Insurance Company   | Nationwide Indemnity Company                               |
| Corviant Corporation (Formerly Villanova Financial Group, Inc.)         | Nationwide Insurance Company of America                    |
| Depositors Insurance Company  | Nationwide International Underwriters                      |
| Excaliber Funding Corporation   | Nationwide Investment Services Corporation                 |
| Financial Horizons Distributors Agency of Alabama, Inc.                 | Nationwide Investors Services, Inc.                        |
| Financial Horizons Distributors Agency of Ohio, Inc.                    | Nationwide Life And Annuity Insurance Company              |
| Financial Horizons Distributors Agency of Oklahoma, Inc.                | Nationwide Life Insurance Company                          |
| Financial Horizons Distributors Agency of Texas, Inc.                   | Nationwide Lloyds  |
| Financial Horizons Securities Corporation                               | Nationwide Management Systems, Inc.                        |
| Gartmore Global Asset Management Trust                                  | Nationwide Mortgage Holdings, Inc.                         |
| (Formerly Villanova Global Asset Management Trust)                      | Nationwide Mutual Insurance Company                        |
| Gartmore Distribution Services, Inc.                                    | Nationwide Property And Casualty Insurance Company         |
| (Formerly Villanova Distribution Services, Inc.)                        | Nationwide Retirement Plan Services, Inc. (Formerly        |
| Gartmore Global Investments, Inc. (Formerly Villanova Capital, Inc.)    | Irvin L. Swartz & Associates)                              |
| Gartmore Morley & Associates, Inc. (Formerly Morley & Associates, Inc.) | Nationwide Retirement Solutions, Inc.                      |
| Gartmore Morley Capital Management, Inc.                                | Nationwide Retirement Solutions, Inc. of Alabama           |
| (Formerly Morley Capital Management, Inc.)                              | Nationwide Retirement Solutions, Inc. of Arizona           |
|   | Nationwide Retirement Solutions, Inc. of Arkansas          |

NOTES TO FINANCIAL STATEMENTS

- |  |  |
|--|--|
| Gartmore Morley Financial Services, Inc.<br>(Formerly Morley Financial Services, Inc.) | Nationwide Retirement Solutions, Inc. of Montana                               |
| Gartmore Mutual Fund Capital Trust<br>(Formerly Villanova Mutual Fund Capital Trust)   | Nationwide Retirement Solutions, Inc. of New Mexico                            |
| Gartmore Sa Capital Trust (Formerly Villanova Sa Capital Trust)                        | Nationwide Retirement Solutions, Inc. of Nevada                                |
| Gartmore Trust Company (Formerly Union Bond & Trust Company)                           | Nationwide Retirement Solutions, Inc. of Ohio                                  |
| Gates McDonald & Company   | Nationwide Retirement Solutions, Inc. of Oklahoma                              |
| Gates McDonald & Company of Nevada   | Nationwide Retirement Solutions, Inc. of South Dakota                          |
| Gates McDonald & Company of New York   | Nationwide Retirement Solutions, Inc. of Texas                                 |
| Gates McDonald Health Plus, Inc.   | Nationwide Retirement Solutions, Inc. of Wyoming                               |
| Insurance Intermediaries, Inc.   | Nationwide Retirement Solutions, Insurance Agency, Inc.                        |
| Interplan, Inc D/B/A The 401(K) Company  | Nationwide Trust Company, FSB  |
| Landmark Financial Services of New York, Inc.  | Nevada Independent Companies - Construction                                    |
| Lone Star General Agency, Inc.   | Nevada Independent Companies - Health And Nonprofit                            |
| Medprosolutions, Inc.  | Nevada Independent Companies - Hospitality And Entertainment                   |
| Morley Research Associates, Ltd.   | Nevada Independent Companies - Manufacturing, Transportation, And Distribution |
| Mrm Investments, Inc.  | NFS Distributors, Inc.   |
| National Casualty Company  | Pension Associates, Inc.   |
| National Deferred Compensation, Inc.   | Portland Investment Services, Inc.   |
| National Premium And Benefits Administration   | Premier Agency, Inc.   |
| Nationwide Affinity Insurance Company of America                                       | Riverview Agency, Inc.   |
| Nationwide Agribusiness Insurance Company  | Scottsdale Indemnity Company   |
| Nationwide Securities, Inc. (Formerly Nationwide Advisory Services, Inc.)              | Scottsdale Insurance Company   |
|  | Scottsdale Surplus Lines Insurance Company                                     |
|  | Western Heritage Insurance Company   |

(2) The method of allocation among the companies is subject to the resolution approved by the Board of Directors. Allocation is based upon separate return or sub-group aggregated separate return calculations with the company being reimbursed for the actual Federal income tax benefit of its net operating losses which are actually used to reduce the taxable income of other companies in the consolidated return.

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

A. Nature of Relationships

All outstanding shares of the company are owned by Nationwide Mutual Insurance Company (NMIC), domiciled in the State of Ohio.

The Company and various affiliates have entered into agreements with Nationwide Cash Management Company (NCCM) a subsidiary of the Parent, under which NCCM acts as a common agent in handling the purchase and sale of short-term securities for the respective accounts of the participants. Amounts on deposit with NCCM were \$9,292,406 and \$17,734,385 as of December 31, 2002 and 2001, respectively, and are included in short-term investments on the accompanying statutory statements of admitted assets, liabilities, capital and surplus.

B. Detail of Transactions Greater than 1/2 % of Admitted Assets

Bonds and stocks, if any, owned, acquired or disposed of in any year by the Company in any affiliate are set forth in Schedule D of either this statement or those of prior years. Intercompany relationships and specific holdings are detailed in the Nationwide Corporate Organizational Chart which appears as Schedule Y of this statement.

C. Change in Terms of Intercompany Arrangements

There were no changes to the intercompany arrangements in 2002.

D. Amounts Due to or from Related Parties

At December 31, 2002, the Company reported \$3,305,320 due from NMIC, under the terms of the intercompany management and service arrangements.

E. Guarantees or Contingencies for Related Parties

There have been no guarantees or undertakings for the benefit of an affiliate.

F. Management, Service Contracts, Cost Sharing Arrangements

Pursuant to a cost sharing agreement among NMIC and certain of its direct and indirect subsidiaries, including the Company, NMIC provides certain operational and administrative services, such as sales support, advertising, personnel and general management services, to those subsidiaries. Expenses covered by this agreement are subject to allocation among NMIC, the Company and other affiliates. The allocations are based on techniques and procedures in accordance with insurance regulatory guidelines. Measures used to allocate expenses among companies include individual employee estimates of time spent, special cost studies, salary expense, commissions expense and other methods agreed to by the participating companies that are within industry guidelines and practices. The Company believes these allocation methods are reasonable. In addition, the Company does not believe that expenses recognized under the inter-company agreements are materially different than expenses that would have been recognized had the Company operated on a stand-alone basis.

G. Nature of Relationships that Could Affect Operations

Not applicable.

H. Amount Deducted for Investment in Upstream Company

The Company does not own shares of an upstream intermediate or ultimate parent, either directly or indirectly via a downstream subsidiary, controlled or affiliated company.

I. Detail of Investment in Affiliates Greater than 10% of Admitted Assets

The Company does not hold any investments in affiliates.

J. Writedown for Impairments of Investments in Subsidiary, Controlled or Affiliated Companies

Not applicable.

## NOTES TO FINANCIAL STATEMENTS

Note 11 - Debt

- A. Capital Notes  
Not applicable.
- B. All Other Debt  
Not applicable.

Note 12 - Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

- A. Defined Benefit Plans  
None – the Company has no employees.
- B. Defined Contribution Plans  
None – the Company has no employees.
- C. Multiemployer Plans  
Not applicable.
- D. Consolidated/Holding Company Plans  
Not applicable.
- E. Postemployment Benefits and Compensated Absences  
None – the Company has no employees.

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

- A. Outstanding Shares  
The Company has 20,000 shares of \$120 par value common stock authorized and 10,000 shares issued and outstanding. The Company has no preferred stock authorized, issued or outstanding.
- B. Dividend Rate of Preferred Stock  
Not applicable.
- C, D, and E. Dividend Restrictions  
Dividends may be paid to shareholders by State of Ohio domiciled insurance companies without prior approval of the Director of Insurance subject to 10% limitations relative to prior year surplus or prior year net income.
- F. Mutual Surplus Advances  
Not applicable.
- G. Company Stock Held for Special Purposes  
Not applicable.
- H. Changes in Special Surplus Funds  
Not applicable.
- I. Changes in Unassigned Funds  
The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

| Description                  | Cumulative Increase (Decrease) in Surplus | Current Year Increase (Decrease) in Surplus |
|------------------------------|---|---|
| 1. Unrealized gain or loss   | (\$1,123,750)                             | (\$ 902,973)                                |
| 2. Nonadmitted assets        | (\$605,358)                               | (\$584,890)                                 |
| 3. Provision for reinsurance | (\$463,000)                               | (\$463,000)                                 |
| Total decrease               | (\$ 2,192,108)                            | (\$ 1,950,863)                              |

- J. Surplus Notes  
Not applicable.
- K. and L. Quasi Reorganizations  
Not applicable.

Note 14 - Contingencies

- A. Contingent Commitments  
Not applicable.
- B. Guaranty Fund and Other Assessments  
Not applicable.
- C. Gain Contingencies

## NOTES TO FINANCIAL STATEMENTS

Not applicable.

D. All Other Contingencies

The Company has committed no surplus funds to reserves for contingent liabilities.

Various lawsuits against the Company have arisen in the course of the Company's business. Contingent liabilities arising from litigation and other matters are not considered material in relation to the financial position of the Company.

The Company is not an intermediary/broker in over the counter derivative instruments.

Note 15 - Leases

A. Lessee Leasing Arrangements

Not applicable.

B. Leasing Arrangements

Not applicable.

Note 16 – Information About Financial Instruments With Off-Balance Sheet Risk With Concentrations of Credit Risk

A. Financial Instruments With Off-Balance Sheet Risk

Not applicable.

B. Financial Instruments With Concentrations of Credit Risk

Not applicable.

Note 17 – Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

A. Transfers of Receivables Reported as Sales

Not applicable.

B. Transfers and Servicing of Financial Assets

Not applicable.

C. Wash Sales

Not applicable.

Note 18 – Gain or Loss from Uninsured Accident and Health Plans and Uninsured Portion of Partially Insured Plans

Not applicable.

Note 19 – Direct Premiums Written / Produced by Managing General Agents / Third Party Administrators

Not applicable.

Note 20 – Other Items

A. Extraordinary Items

Not applicable.

B. Troubled Debt Restructuring for Debtors

Not applicable.

C. Other Disclosures

Not applicable.

D. Uncollectible Premiums Receivable

Not applicable.

E. Reinsurance Accounted for as Deposit

Not applicable.

F. Multiple Peril Crop Insurance

Not applicable.

G. Mezzanine Real Estate Loans

Not applicable.

H. Health Care Receivables

Not applicable.

I. September 11 Events

The Company's exposure to the September 11, 2001 terrorist attacks is minimal. Further, we are not aware of any reinsurer who has been impaired by the events to the point of creating a credit risk on any of our reinsurance programs.

NOTES TO FINANCIAL STATEMENTS

Note 21 – Events Subsequent

There were no events occurring subsequent to December 31, 2002 meriting disclosure.

Note 22 – Reinsurance

A. Unsecured Reinsurance Recoverables

Not applicable.

B. Reinsurance Recoverable in Dispute

Not applicable.

C. Reinsurance Assumed and Ceded

1. The following table summarizes ceded and assumed unearned premiums and the related commission equity at December 31, 2001.

| (\$000's)                          | Assumed           |                   | Ceded             |                   | Assumed Less Ceded |                   |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|
|                                    | Unearned Premiums | Commission Equity | Unearned Premiums | Commission Equity | Unearned Premiums  | Commission Equity |
| a. Affiliates                      | \$0               | \$0               | \$604             | \$133             | (\$604)            | (\$133)           |
| b. All other                       | 0                 | 0                 | 674               | 159               | (674)              | (159)             |
| c. Totals                          | 0                 | \$0               | \$1,278           | \$291             | (\$1,278)          | (\$291)           |
| d. Direct Unearned Premium Reserve | \$82,478          |                   |                   |                   |                    |                   |

2. Certain agency agreements and ceded reinsurance contracts provide for additional or return commissions based on the actual loss experience of the produced or reinsured business. Amounts accrued at December 31, 2001 are as follows:

None

D. Uncollectible Reinsurance

Not applicable.

E. Commutation of Ceded Reinsurance

Not applicable.

F. Retroactive Reinsurance

Not applicable.

Note 23 – Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not applicable.

Note 24 – Changes in Incurred Losses and Loss Adjustment Expenses

| (\$000's)             | 2002 Calendar Year Losses and LAE Incurred |              |              | 2002 Loss Year Losses and LAE Incurred | Shortage (Redundancy) |
|-----------------------|--|--------------|--------------|--|-----------------------|
|                       | Losses Incurred                            | LAE Incurred | Totals       |  |                       |
| Fire and Allied Lines | \$1,901,020                                | \$171,203    | \$2,072,223  | \$1,981,086                            | \$91,137              |
| Homeowners            | 64,424,007                                 | 8,203,768    | 72,627,775   | 70,337,913                             | 2,289,862             |
| Inland marine         | 4,734,015                                  | 544,501      | 5,278,516    | 4,950,298                              | 328,218               |
| All Others            | 138  | 177          | 315          | 3,361                                  | (3,046)               |
| Totals                | \$71,059,180                               | \$8,919,649  | \$79,978,829 | \$77,272,658                           | \$2,706,171           |

The estimated cost of loss and loss adjustment expenses attributable to insured events of prior years increased by \$2.7 million during 2002, as shown in the chart above. The shortage primarily came from the homeowner line of business. The increase was due to unfavorable development patterns, which showed up in a recent analysis of loss development trends.

Note 25 – Intercompany Pooling arrangements

Not applicable.

Note 26 – Structured Settlements

A. Reserves Released due to Purchases of Annuities

Not applicable.

B. Annuity Insurers with Balances due Greater than 1% of Policyholders' Surplus

Not applicable.

Note 27 – High Deductibles

Not applicable.

Note 28 – Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expense

A. Tabular Discounts

Not Applicable.

B. Non-Tabular Discounts

Not Applicable.

## NOTES TO FINANCIAL STATEMENTS

C. Changes in Discount Assumptions

Not Applicable.

Note 29 – Asbestos and Environmental Reserves

Not Applicable.

Note 30 – Subscriber Savings Accounts

Not Applicable.

Note 31 – Financial Guaranty Exposures

Not Applicable.

**SUMMARY INVESTMENT SCHEDULE**

| Investment Categories   | Gross Investment Holdings |                 | Admitted Assets as Reported in the Annual Statement |                 |
|---|---------------------------|-----------------|---|-----------------|
|   | 1<br>Amount               | 2<br>Percentage | 3<br>Amount   | 4<br>Percentage |
| 1. Bonds:   |                           |                 |   |                 |
| 1.1 U.S. Treasury securities .....  | 38,028,796                | 8.873           | 38,028,796  | 8.873           |
| 1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):                            |                           |                 |   |                 |
| 1.21 Issued by U.S. government agencies .....   | 12,545,531                | 2.927           | 12,545,531  | 2.927           |
| 1.22 Issued by U.S. government sponsored agencies .....   | 7,764,529                 | 1.812           | 7,764,529   | 1.812           |
| 1.3 Foreign government (including Canada, excluding mortgaged-backed securities) .....                                  |                           | 0.000           |   | 0.000           |
| 1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:                   |                           |                 |   |                 |
| 1.41 States, territories and possessions general obligations .....  | 4,387,077                 | 1.024           | 4,387,077   | 1.024           |
| 1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations ..... | 16,892,161                | 3.942           | 16,892,161  | 3.942           |
| 1.43 Revenue and assessment obligations .....   | 15,765,109                | 3.679           | 15,765,109  | 3.679           |
| 1.44 Industrial development and similar obligations .....   |                           | 0.000           |   | 0.000           |
| 1.5 Mortgage-backed securities (includes residential and commercial MBS):   |                           |                 |   |                 |
| 1.51 Pass-through securities:   |                           |                 |   |                 |
| 1.511 Guaranteed by GNMA .....  |                           | 0.000           |   | 0.000           |
| 1.512 Issued by FNMA and FHLMC .....  | 5,419,299                 | 1.265           | 5,419,299   | 1.265           |
| 1.513 Privately issued .....  |                           | 0.000           |   | 0.000           |
| 1.52 CMOs and REMICs:   |                           |                 |   |                 |
| 1.521 Issued by FNMA and FHLMC .....  | 88,088,075                | 20.554          | 88,088,075  | 20.554          |
| 1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC .....                     |                           | 0.000           |   | 0.000           |
| 1.523 All other privately issued .....  | 22,014,414                | 5.137           | 22,014,414  | 5.137           |
| 2. Other debt and other fixed income securities (excluding short-term):   |                           |                 |   |                 |
| 2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO) .....                              | 192,150,517               | 44.836          | 192,150,517   | 44.836          |
| 2.2 Unaffiliated foreign securities .....   | 20,674,354                | 4.824           | 20,674,354  | 4.824           |
| 2.3 Affiliated securities .....   |                           | 0.000           |   | 0.000           |
| 3. Equity interests:  |                           |                 |   |                 |
| 3.1 Investments in mutual funds .....   |                           | 0.000           |   | 0.000           |
| 3.2 Preferred stocks:   |                           |                 |   |                 |
| 3.21 Affiliated .....   | 0                         | 0.000           | 0   | 0.000           |
| 3.22 Unaffiliated .....   | 824,704                   | 0.192           | 824,704   | 0.192           |
| 3.3 Publicly traded equity securities (excluding preferred stocks):   |                           |                 |   |                 |
| 3.31 Affiliated .....   |                           | 0.000           |   | 0.000           |
| 3.32 Unaffiliated .....   |                           | 0.000           |   | 0.000           |
| 3.4 Other equity securities:  |                           |                 |   |                 |
| 3.41 Affiliated .....   |                           | 0.000           |   | 0.000           |
| 3.42 Unaffiliated .....   |                           | 0.000           |   | 0.000           |
| 3.5 Other equity interests including tangible personal property under lease:  |                           |                 |   |                 |
| 3.51 Affiliated .....   |                           | 0.000           |   | 0.000           |
| 3.52 Unaffiliated .....   |                           | 0.000           |   | 0.000           |
| 4. Mortgage loans:  |                           |                 |   |                 |
| 4.1 Construction and land development .....   |                           | 0.000           |   | 0.000           |
| 4.2 Agricultural .....  |                           | 0.000           |   | 0.000           |
| 4.3 Single family residential properties .....  |                           | 0.000           |   | 0.000           |
| 4.4 Multifamily residential properties .....  |                           | 0.000           |   | 0.000           |
| 4.5 Commercial loans .....  |                           | 0.000           |   | 0.000           |
| 5. Real estate investments:   |                           |                 |   |                 |
| 5.1 Property occupied by the company .....  |                           | 0.000           | 0   | 0.000           |
| 5.2 Property held for the production of income (includes \$ ..... of property acquired in satisfaction of debt) .....   |                           | 0.000           | 0   | 0.000           |
| 5.3 Property held for sale (\$ ..... including property acquired in satisfaction of debt) .....                         |                           | 0.000           | 0   | 0.000           |
| 6. Policy loans .....   |                           | 0.000           |   | 0.000           |
| 7. Receivables for securities .....   | 40,000                    | 0.009           | 40,000  | 0.009           |
| 8. Cash and short-term investments .....  | 3,972,835                 | 0.927           | 3,972,835   | 0.927           |
| 9. Other invested assets .....  |                           | 0.000           |   | 0.000           |
| 10. Total invested assets   | 428,567,401               | 100.000         | 428,567,401   | 100.000         |

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

### GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? ..... Yes [ X ] No [ ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? ..... Yes [ X ] No [ ] NA [ ]
- 1.3 State Regulating? ..... Ohio.....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? ..... Yes [ ] No [ X ]
- 2.2 If yes, date of change: .....  
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. ....12/31/2001
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. ....12/31/2001
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). ....11/12/2002
- 3.4 By what department or departments? Ohio .....
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? ..... Yes [ ] No [ X ]
- 4.12 renewals? ..... Yes [ ] No [ X ]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? ..... Yes [ ] No [ X ]
- 4.22 renewals? ..... Yes [ ] No [ X ]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes [ ] No [ X ]
- 5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

| 1<br>Name of Entity | 2<br>NAIC Company Code | 3<br>State of Domicile |
|---------------------|------------------------|------------------------|
| .....               | .....                  | .....                  |
| .....               | .....                  | .....                  |

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) ..... Yes [ ] No [ X ]
- 6.2 If yes, give full information: .....
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? ..... Yes [ ] No [ X ]
- 7.2 If yes,
- 7.21 State the percentage of foreign control; .....
- 7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney in fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

| 1<br>Nationality | 2<br>Type of Entity |
|------------------|---------------------|
| .....            | .....               |
| .....            | .....               |

## GENERAL INTERROGATORIES

(continued)

8. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
 KPMG LLP, 191 W. Nationwide Blvd. Ste 500, Columbus, OH 43215.....
9. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
 Greg Beaulieu, FCAS, MAAA, Nationwide Mutual Insurance Company, One Nationwide Plaza, Columbus, OH 43215.....
10. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 10.1 What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?
- 10.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? ..... Yes [ ] No [ ]
- 10.3 Have there been any changes made to any of the trust indentures during the year? ..... Yes [ ] No [ ]
- 10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes? ..... Yes [ ] No [ ] NA [ ]

### BOARD OF DIRECTORS

11. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? ..... Yes [ ] No [ X ]
12. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? ..... Yes [ X ] No [ ]
13. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or likely to conflict with the official duties of such person? ..... Yes [ X ] No [ ]

### FINANCIAL

- 14.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 14.11 To directors or other officers .. \$.....
- 14.12 To stockholders not officers ... \$.....
- 14.13 Trustees, supreme or grand (Fraternal only) ..... \$.....
- 14.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 14.21 To directors or other officers ... \$.....
- 14.22 To stockholders not officers .... \$.....
- 14.23 Trustees, supreme or grand (Fraternal only) ..... \$.....
- 15.1 Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement? ..... Yes [ ] No [ X ]
- 15.2 If yes, state the amount thereof at December 31 of the current year:
- 15.21 Rented from others ..... \$.....
- 15.22 Borrowed from others ..... \$.....
- 15.23 Leased from others ..... \$.....
- 15.24 Other ..... \$.....
- Disclose in Notes to Financial Statements the nature of each of these obligations.
- 16.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? ..... Yes [ ] No [ X ]
- 16.2 If answer is yes,
- 16.21 Amount paid as losses or risk adjustment ..... \$.....
- 16.22 Amount paid as expenses ..... \$.....
- 16.23 Other amounts paid ..... \$.....

# GENERAL INTERROGATORIES

(continued)  
INVESTMENT

17. List the following capital stock information for the reporting entity:

| Class     | 1                           | 2                            | 3                   | 4                            | 5                         |     | 6                         |     |
|-----------|-----------------------------|------------------------------|---------------------|------------------------------|---------------------------|-----|---------------------------|-----|
|           | Number of Shares Authorized | Number of Shares Outstanding | Par Value Per Share | Redemption Price if Callable | Is Dividend Rate Limited? |     | Are Dividends Cumulative? |     |
|           |                             |                              |                     |                              | Yes                       | No  | Yes                       | No  |
|           |                             |                              |                     |                              | [ ]                       | [ ] | [ ]                       | [ ] |
| Preferred |                             |                              |                     |                              |                           |     |                           |     |
| Common    | 20,000                      | 10,000                       | 120.000             | XXX                          | XXX                       | XXX | XXX                       | XXX |

18.1. Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 2 - Special Deposits? ..... Yes [ X ] No [ ]

18.2 If no, give full and complete information relating thereto:

19.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on the Schedule E - Part 2 - Special Deposits; or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 15.1) ..... Yes [ ] No [ X ]

19.2 If yes, state the amount thereof at December 31 of the current year:

|       |  |                  |
|-------|--|------------------|
| 19.21 | Loaned to others .....                                     | \$ .....         |
| 19.22 | Subject to repurchase agreements .....                     | \$ .....         |
| 19.23 | Subject to reverse repurchase agreements .....             | \$ .....         |
| 19.24 | Subject to dollar repurchase agreements .....              | \$ .....         |
| 19.25 | Subject to reverse dollar repurchase agreements .....      | \$ .....         |
| 19.26 | Pledged as collateral .....                                | \$ .....         |
| 19.27 | Placed under option agreements .....                       | \$ .....         |
| 19.28 | Letter stock or other securities restricted as to sale ... | \$ ..... 824,704 |
| 19.29 | Other .....  | \$ .....         |

19.3 For each category above, if any of these assets are held by others, identify by whom held:

|             |  |
|-------------|--|
| 19.31 ..... | 19.35 .....  |
| 19.32 ..... | 19.36 .....  |
| 19.33 ..... | 19.37 .....  |
| 19.34 ..... | 19.38 Detailed Listing Filed with the State of Domicile..... |
|             | 19.39 .....  |

For categories (19.21) and (19.23) above, and for any other securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

19.4 For category (19.28) provide the following:

| 1  | 2           | 3        |
|--|-------------|----------|
| Nature of Restriction                                  | Description | Amount   |
| Detailed Listing Filed with the State of Domicile..... |             | \$ ..... |

20.1 Does the reporting entity have any hedging transactions reported on Schedule DB? ..... Yes [ ] No [ X ]

20.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes [ ] No [ ] NA [ X ]  
If no, attach a description with this statement.

21.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? ..... Yes [ ] No [ X ]

21.2. If yes, state the amount thereof at December 31 of the current year. .... \$ .....

22. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?..... Yes [ X ] No [ ]

22.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

| 1                         | 2  |
|---------------------------|--|
| Name of Custodian(s)      | Custodian's Address                          |
| The Bank of New York..... | 1 Wall Street, New York, New York 10286..... |
| .....                     | .....  |

## GENERAL INTERROGATORIES

(continued)  
INVESTMENT

22.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

| 1<br>Name(s) | 2<br>Location(s) | 3<br>Complete Explanation(s) |
|--------------|------------------|------------------------------|
|              |                  |                              |
|              |                  |                              |

22.03 Have there been any changes, including name changes, in the custodian(s) identified in 22.01 during the current year?..... Yes [  ] No [  ]

22.04 If yes, give full and complete information relating thereto:

| 1<br>Old Custodian | 2<br>New Custodian | 3<br>Date of Change | 4<br>Reason |
|--------------------|--------------------|---------------------|-------------|
|                    |                    |                     |             |
|                    |                    |                     |             |

22.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

| 1<br>Central Registration<br>Depository Number(s) | 2<br>Name | 3<br>Address |
|---|-----------|--------------|
|   |           |              |
|   |           |              |

### OTHER

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?..... \$ .....

23.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

| 1<br>Name  | 2<br>Amount Paid |
|--|------------------|
| All payments are made by Nationwide Mutual Insurance Company and reported in its Annual Statement..... | \$ .....         |
|  | \$ .....         |
|  | \$ .....         |

24.1 Amount of payments for legal expenses, if any?..... \$ .....

24.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

| 1<br>Name  | 2<br>Amount Paid |
|--|------------------|
| All payments are made by Nationwide Mutual Insurance Company and reported in its Annual Statement..... | \$ .....         |
|  | \$ .....         |
|  | \$ .....         |

25.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ .....

25.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

| 1<br>Name | 2<br>Amount Paid |
|-----------|------------------|
|           | \$ .....         |
|           | \$ .....         |
|           | \$ .....         |

**GENERAL INTERROGATORIES**

(continued)

**PART 2 - PROPERTY & CASUALTY INTERROGATORIES**

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? ..... Yes [ ] No [ X ]
- 1.2 If yes, indicate premium earned on U. S. business only ..... \$ .....
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? ..... \$ .....
- 1.31 Reason for excluding  
.....
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. .... \$ .....
- 1.5 Indicate total incurred claims on all Medicare Supplement Insurance. .... \$ .....
- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned ..... \$ .....0
- 1.62 Total incurred claims ..... \$ .....0
- 1.63 Number of covered lives ..... \$ .....0
- All years prior to most current three years:
- 1.64 Total premium earned ..... \$ .....0
- 1.65 Total incurred claims ..... \$ .....0
- 1.66 Number of covered lives ..... \$ .....0
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned ..... \$ .....0
- 1.72 Total incurred claims ..... \$ .....0
- 1.73 Number of covered lives ..... \$ .....0
- All years prior to most current three years:
- 1.74 Total premium earned ..... \$ .....0
- 1.75 Total incurred claims ..... \$ .....0
- 1.76 Number of covered lives ..... \$ .....0
- 2.1 Does the reporting entity issue both participating and non-participating policies? ..... Yes [ ] No [ X ]
- 2.2 If yes, state the amount of calendar year net premiums written on:
- 2.21 Participating policies ..... \$ .....
- 2.22 Non-participating policies ..... \$ .....
3. For Mutual Reporting Entities and Reciprocal Exchanges Only:
- 3.1 Does the reporting entity issue assessable policies? ..... Yes [ ] No [ ]
- 3.2 Does the reporting entity issue non-assessable policies? ..... Yes [ ] No [ ]
- 3.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? ..... %
- 3.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums? ..... \$ .....
4. For Reciprocal Exchanges Only:
- 4.1 Does the Exchange appoint local agents? ..... Yes [ ] No [ ]
- 4.2 If yes, is the commission paid:
- 4.21 Out of Attorney/s-in-fact compensation ..... Yes [ ] No [ ] NA [ X ]
- 4.22 As a direct expense of the Exchange ..... Yes [ ] No [ ] NA [ X ]
- 4.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?  
.....
- 4.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? ..... Yes [ ] No [ X ]
- 4.5 If yes, give full information  
.....
- 5.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss? .....  
No Workers' Compensation Exposure .....
- 5.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process. ....  
The primary exposure for the Florida Company is windstorm events in Florida effecting personal lines. The Florida Company is modeled separately. The model used in estimating probable maximum loss is Applied Research (AIR) .....
- 5.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss? .....  
To mitigate PML exposures, the company maintains excess and catastrophic reinsurance and incorporates various business strategies such as increased deductibles in catastrophic areas .....
- 5.4 Does the reporting entity carry catastrophe reinsurance protection, with provision for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? ..... Yes [ X ] No [ ]
- 5.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss.  
.....
- 6.1 Has this reporting entity reinsured any risk with any other entity under a quota share reinsurance contract which includes a provision which would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss ratio cap, an aggregate limit or any similar provision)? ..... Yes [ ] No [ X ]
- 6.2 If yes, indicate the number of reinsurance contracts containing such provisions: .....

**GENERAL INTERROGATORIES**  
**PART 2 - PROPERTY & CASUALTY INTERROGATORIES (continued)**

- 7.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured?..... Yes [ ] No [ X ]
- 7.2 If yes, give full information .....
8. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done?..... Yes [ ] No [ ] NA [ X ]
- 9.1 Has this reporting entity guaranteed policies issued by any other entity and now in force?..... Yes [ ] No [ X ]
- 9.2 If yes, give full information .....
- 10.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 10.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:
- 10.11 Unpaid losses..... \$ .....
- 10.12 Unpaid underwriting expenses (including loss adjustment expenses)..... \$ .....
- 10.2 Of the amount on Line 10.3 of the assets schedule, Page 2, state the amount which is secured by letters of credit, collateral and other funds..... \$ .....
- 10.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation are premium or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? ..... Yes [ ] No [ X ] NA [ ]
- 10.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- 10.41 From..... %
- 10.42 To..... %
- 10.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium or promissory notes taken by the reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?..... Yes [ ] No [ X ]
- 10.6 If yes, state the amount thereof at December 31 of the current year:
- 10.61 Letters of credit..... \$ .....
- 10.62 Collateral and other funds..... \$ .....
- 11.1 What amount of installment notes is owned and now held by the reporting entity?..... \$ .....
- 11.2 Have any of these notes been hypothecated, sold or used in any manner as security for money loaned within the past year?..... Yes [ ] No [ X ]
- 11.3 If yes, what amount?..... \$ .....
- 12.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): ..... \$ ..... 5,000,000
- 12.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? ..... Yes [ ] No [ X ]
- 12.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of this amount. ....1
- 13.1 Has this reporting entity guaranteed any financed premium accounts?..... Yes [ ] No [ X ]
- 13.2 If yes, give full information .....
- 14.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? ..... Yes [ ] No [ X ]
- 14.11 Name of real estate holding company .....
- 14.12 Number of parcels involved .....
- 14.13 Total book/adjusted carrying value ..... \$ .....
- 14.2 If yes, provide explanation:
- 15.1 Does the reporting entity write any warranty business? ..... Yes [ ] No [ X ]
- If yes, disclose the following information for each of the following types of warranty coverage:

|                        | 1<br>Direct Losses<br>Incurred | 2<br>Direct Losses<br>Unpaid | 3<br>Direct Written<br>Premium | 4<br>Direct Premium<br>Unearned | 5<br>Direct Premium<br>Earned |
|------------------------|--------------------------------|------------------------------|--------------------------------|---------------------------------|-------------------------------|
| 15.11 Home .....       | \$ .....                       | \$ .....                     | \$ .....                       | \$ .....                        | \$ .....                      |
| 15.12 Products .....   | \$ .....                       | \$ .....                     | \$ .....                       | \$ .....                        | \$ .....                      |
| 15.13 Automobile ..... | \$ .....                       | \$ .....                     | \$ .....                       | \$ .....                        | \$ .....                      |
| 15.14 Other* .....     | \$ .....                       | \$ .....                     | \$ .....                       | \$ .....                        | \$ .....                      |

\* Disclose type of coverage:

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE NATIONWIDE INSURANCE COMPANY OF FLORIDA

FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e. 17.6.

|   | 1<br>2002   | 2<br>2001   | 3<br>2000    | 4<br>1999   | 5<br>1998   |
|---|-------------|-------------|--------------|-------------|-------------|
| <b>Gross Premiums Written</b> (Page 8, Part 1B, Cols. 1, 2 & 3)   |             |             |              |             |             |
| 1. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)  | 0           | 0           | 0            | 0           | 0           |
| 2. Property Lines (Lines 1, 2, 9, 12, 21 & 26)  | 17,006,987  | 16,151,928  | 8,186,377    | 0           | 0           |
| 3. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)  | 156,932,449 | 145,701,476 | 74,849,983   | 0           | 0           |
| 4. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)   | 0           | 0           | 0            | 0           | 0           |
| 5. Non-proportional Reinsurance Lines (Lines 30, 31 & 32)   | 0           | 0           | 0            | 0           | 0           |
| 6. Total (Line 34)  | 173,939,435 | 161,853,404 | 83,036,360   | 0           | 0           |
| <b>Net Premiums Written</b> (Page 8, Part 1B, Col. 6)   |             |             |              |             |             |
| 7. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)  | 0           | 0           | 0            | 0           | 0           |
| 8. Property Lines (Lines 1, 2, 9, 12, 21 & 26)  | 13,607,804  | 14,322,846  | 7,606,296    | 0           | 0           |
| 9. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)  | 114,826,435 | 116,130,028 | 70,039,841   | 0           | 0           |
| 10. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)  | 0           | 0           | 0            | 0           | 0           |
| 11. Non-proportional Reinsurance Lines (Lines 30, 31 & 32)  | 0           | 0           | 0            | 0           | 0           |
| 12. Total (Line 34)   | 128,434,239 | 130,452,874 | 77,646,137   | 0           | 0           |
| <b>Statement of Income</b> (Page 4)   |             |             |              |             |             |
| 13. Net Underwriting Gain (Loss) (Line 8)   | (5,956,056) | (7,517,395) | (15,927,394) | 0           | 0           |
| 14. Net Investment Gain (Loss) (Line 11)  | 25,207,452  | 24,243,533  | 17,503,499   | 16,848,688  | 4,996,833   |
| 15. Total Other Income (Line 15)  | 1,249,271   | 890,297     | 366,883      | 0           | 0           |
| 16. Dividends to Policyholders (Line 17)  | 0           | 0           | 0            | 0           | 0           |
| 17. Federal and Foreign Income Taxes Incurred (Line 19)   | 7,824,957   | 9,135,530   | 5,931,971    | 7,704,083   | 2,155,763   |
| 18. Net Income (Line 20)  | 12,675,710  | 8,480,905   | (3,988,984)  | 9,144,605   | 2,841,070   |
| <b>Balance Sheet Lines</b> (Pages 2 and 3)  |             |             |              |             |             |
| 19. Total Admitted Assets excluding Protected Cell (Page 2, Line 26, Col. 3)  | 464,266,822 | 437,088,707 | 378,696,818  | 311,985,674 | 304,996,833 |
| 20. Agents' Balances or Uncollected Premiums (Page 2, Col. 3)   |             |             |              |             |             |
| 20.1 In Course of Collection (Line 10.1)  | 3,176,252   | 2,124,530   | 1,215,134    | 0           | 0           |
| 20.2 Deferred and not yet due (Line 10.2)   | 13,464,745  | 12,741,162  | 11,198,020   | 0           | 0           |
| 20.3 Accrued Retrospective Premiums (Line 10.3)   | 0           | 0           | 0            | 0           | 0           |
| 21. Total Liabilities excluding Protected Cell (Page 3, Line 24)  | 130,264,051 | 115,331,989 | 70,806,878   | 0           | 2,155,763   |
| 22. Losses (Page 3, Lines 1 and 2)  | 33,485,861  | 22,043,204  | 4,011,765    | 0           | 0           |
| 23. Loss Adjustment Expenses (Page 3, Line 3)   | 3,439,013   | 2,404,622   | 224,048      | 0           | 0           |
| 24. Unearned premiums (Page 3, Line 9)  | 86,199,758  | 81,077,950  | 61,120,963   | 0           | 0           |
| 25. Capital Paid Up (Page 3, Lines 28 & 29)   | 1,200,000   | 1,200,000   | 1,200,000    | 1,200,000   | 1,200,000   |
| 26. Surplus as Regards Policyholders (Page 3, Line 35)  | 334,002,770 | 321,756,717 | 307,889,940  | 311,985,674 | 302,841,070 |
| <b>Risk-Based Capital Analysis</b>  |             |             |              |             |             |
| 27. Total Adjusted Capital  | 334,002,770 | 321,756,717 | 307,889,940  | 311,985,674 | 302,841,070 |
| 28. Authorized Control Level Risk-Based Capital   | 16,434,409  | 15,871,489  | 6,794,978    | 399,845     | 135,184     |
| <b>Percentage Distribution of Cash and Invested Assets</b><br>(Page 2, Col. 3)<br>(Item divided by Page 2, Line 9, Col. 3) x 100.0                                  |             |             |              |             |             |
| 29. Bonds (Line 1)  | 98.9        | 96.2        | 93.7         | 99.2        | 79.6        |
| 30. Stocks (Lines 2.1 & 2.2)  | 0.2         | 0.3         | 0.3          | 0.0         | 0.0         |
| 31. Mortgage Loans on Real Estate (Lines 3.1 and 3.2)   | 0.0         | 0.0         | 0.0          | 0.0         | 0.0         |
| 32. Real Estate (Lines 4.1, 4.2 & 4.3)  | 0.0         | 0.0         | 0.0          | 0.0         | 0.0         |
| 33. Cash and Short-Term Investments (Line 5)  | 0.9         | 3.5         | 6.1          | 0.8         | 20.4        |
| 34. Other Invested Assets (Line 6)  | 0.0         | 0.0         | 0.0          | 0.0         | 0.0         |
| 35. Receivable for Securities (Line 7)  | 0.0         | 0.0         | 0.0          | 0.0         | 0.0         |
| 36. Aggregate Write-Ins for Invested Assets (Line 8)  | 0.0         | 0.0         | 0.0          | 0.0         | 0.0         |
| 37. Cash and Invested Assets (Line 9)   | 100.0       | 100.0       | 100.0        | 100.0       | 100.0       |
| <b>Investments in Parent, Subsidiaries and Affiliates</b>   |             |             |              |             |             |
| 38. Affiliated Bonds (Schedule D, Summary, Line 25, Col. 1)   | 0           | 0           | 0            | 0           | 0           |
| 39. Affiliated Preferred Stocks (Schedule D, Summary, Line 39, Col. 1)  | 0           | 0           | 0            | 0           | 0           |
| 40. Affiliated Common Stocks (Schedule D, Summary, Line 53, Col. 2)   | 0           | 0           | 0            | 0           | 0           |
| 41. Affiliated Short-Term Investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 11)  | 0           | 0           | 0            | 0           | 0           |
| 42. Affiliated Mortgage Loans on Real Estate  | 0           | 0           | 0            | 0           | 0           |
| 43. All Other Affiliated  | 0           | 0           | 0            | 0           | 0           |
| 44. Total of above Lines 38 to 43   | 0           | 0           | 0            | 0           | 0           |
| 45. Percentage of Investments in Parent, Subsidiaries and Affiliates to Surplus as Regards Policyholders (Line 44 above divided by Page 3, Col. 1, Line 35 x 100.0) | 0.0         | 0.0         | 0.0          | 0.0         | 0.0         |

**FIVE-YEAR HISTORICAL DATA**

(Continued)

|   | 1<br>2002  | 2<br>2001  | 3<br>2000   | 4<br>1999 | 5<br>1998   |
|---|------------|------------|-------------|-----------|-------------|
| <b>Capital and Surplus Accounts (Page 4)</b>  |            |            |             |           |             |
| 46. Net Unrealized Capital Gains (Losses) (Line 23) .....   | (902,973)  | (189,027)  | (31,750)    | 0         | 0           |
| 47. Dividends to Stockholders (Line 34) .....   | 0          | 0          | 0           | 0         | 0           |
| 48. Change in surplus as regards policyholders for the year (Line 37) .....   | 12,246,055 | 13,866,777 | (4,095,734) | 9,144,605 | 302,841,070 |
| <b>Gross Losses Paid (Page 9, Part 2, Cols. 1 &amp; 2)</b>  |            |            |             |           |             |
| 49. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....   | 0          | 0          | 0           | 0         | 0           |
| 50. Property Lines (Lines 1, 2, 9, 12, 21 & 26) .....   | 5,632,758  | 4,441,261  | 488,677     | 0         | 0           |
| 51. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27) .....   | 53,983,765 | 37,369,322 | 2,392,139   | 0         | 0           |
| 52. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33) .....  | 0          | 0          | 0           | 0         | 0           |
| 53. Non-Proportional Reinsurance Lines (Lines 30, 31 & 32) .....  | 0          | 0          | 0           | 0         | 0           |
| 54. Total (Line 34) .....   | 59,616,523 | 41,810,583 | 2,880,816   | 0         | 0           |
| <b>Net Losses Paid (Page 9, Part 2, Col. 4)</b>   |            |            |             |           |             |
| 55. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....   | 0          | 0          | 0           | 0         | 0           |
| 56. Property Lines (Lines 1, 2, 9, 12, 21 & 26) .....   | 5,632,758  | 4,441,261  | 488,677     | 0         | 0           |
| 57. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27) .....   | 53,983,765 | 37,369,322 | 2,392,139   | 0         | 0           |
| 58. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33) .....  | 0          | 0          | 0           | 0         | 0           |
| 59. Non-Proportional Reinsurance Lines (Lines 30, 31 & 32) .....  | 0          | 0          | 0           | 0         | 0           |
| 60. Total (Line 34) .....   | 59,616,523 | 41,810,583 | 2,880,816   | 0         | 0           |
| <b>Operating Percentages (Page 4)<br/>(Item divided by Page 4, Line 1) x 100.0</b>  |            |            |             |           |             |
| 61. Premiums Earned (Line 1) .....  | 100.0      | 100.0      | 100.0       | 100.0     | 100.0       |
| 62. Losses Incurred (Line 2) .....  | 57.6       | 54.2       | 41.7        | 0.0       | 0.0         |
| 63. Loss Expenses Incurred (Line 3) .....   | 7.2        | 8.5        | 6.0         | 0.0       | 0.0         |
| 64. Other Underwriting Expenses Incurred (Line 4) .....   | 40.0       | 44.2       | 148.6       | 0.0       | 0.0         |
| 65. Net Underwriting gain (loss) (Line 8) .....   | (4.8)      | (6.8)      | (96.4)      | 0.0       | 0.0         |
| <b>Other Percentages</b>  |            |            |             |           |             |
| 66. Other Underwriting Expenses to Net Premiums Written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 34 x 100.0) .....  | 37.4       | 36.7       | 31.2        | 0.0       | 0.0         |
| 67. Losses and Loss Expenses Incurred to Premiums Earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0) .....  | 64.9       | 62.6       | 47.8        | 0.0       | 0.0         |
| 68. Net Premiums Written to Policyholders' Surplus (Page 8, Part 1B, Col. 6, Line 34 divided by Page 3, Line 35, Col. 1 x 100.0) .....  | 38.5       | 40.5       | 25.2        | 0.0       | 0.0         |
| <b>One Year Loss Development (000 omitted)</b>  |            |            |             |           |             |
| 69. Development in Estimated Losses and Loss Expenses Incurred Prior to Current Year (Schedule P - Part 2 - Summary, Line 12, Col. 11) .....  | 2,116      | 900        | 0           | 0         | 0           |
| 70. Percent of Development of Loss and Loss Expenses Incurred to Policyholders' Surplus of Previous Year End (Line 69 above divided by Page 4, Line 21, Col. 1 x 100.0) .....                 | 0.7        | 0.3        | 0.0         | 0.0       | 0.0         |
| <b>Two Year Loss Development (000 omitted)</b>  |            |            |             |           |             |
| 71. Development in Estimated Losses and Loss Expenses Incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12) .....                          | 521        | 0          | 0           | 0         | 0           |
| 72. Percent of Development of Loss and Loss Expenses Incurred to Reported Policyholders' Surplus of Second Previous Year End (Line 71 above divided by Page 4, Line 21, Col. 2 x 100.0) ..... | 0.2        | 0.0        | 0.0         | 0.0       | 0.0         |

**SCHEDULE D - SUMMARY BY COUNTRY**

Long-Term Bonds and Stocks OWNED December 31 of Current Year

| Description  | 1<br>Book/Adjusted<br>Carrying Value  | 2<br>Fair Value (a)                                   | 3<br>Actual Cost                                      | 4<br>Par Value of Bonds                               |
|--|---|---|---|---|
| <b>BONDS</b>   |   |   |   |   |
| Governments<br>(Including all obligations guaranteed<br>by governments)  | 1. United States ..... 58,338,856<br>2. Canada ..... 0<br>3. Other Countries ..... 0<br>4. Totals ..... 58,338,856                        | 60,640,219<br>0<br>0<br>60,640,219                    | 62,977,521<br>0<br>0<br>62,977,521                    | 54,866,674<br>0<br>0<br>54,866,674                    |
| States, Territories and Possessions<br>(Direct and guaranteed)   | 5. United States ..... 4,387,077<br>6. Canada ..... 0<br>7. Other Countries ..... 0<br>8. Totals ..... 4,387,077                          | 4,387,077<br>0<br>0<br>4,387,077                      | 4,393,560<br>0<br>0<br>4,393,560                      | 4,285,000<br>0<br>0<br>4,285,000                      |
| Political Subdivisions of States,<br>Territories and Possessions<br>(Direct and guaranteed)  | 9. United States ..... 18,209,652<br>10. Canada ..... 0<br>11. Other Countries ..... 0<br>12. Totals ..... 18,209,652                     | 18,209,652<br>0<br>0<br>18,209,652                    | 18,341,861<br>0<br>0<br>18,341,861                    | 17,540,000<br>0<br>0<br>17,540,000                    |
| Special revenue and special assessment<br>obligations and all non-guaranteed<br>obligations of agencies and authorities of<br>governments and their political subdivisions | 13. United States ..... 110,520,171<br>14. Canada ..... 0<br>15. Other Countries ..... 0<br>16. Totals ..... 110,520,171                  | 110,566,063<br>0<br>0<br>110,566,063                  | 111,927,413<br>0<br>0<br>111,927,413                  | 108,881,199<br>0<br>0<br>108,881,199                  |
| Public Utilities (unaffiliated)  | 17. United States ..... 35,244,479<br>18. Canada ..... 0<br>19. Other Countries ..... 967,476<br>20. Totals ..... 36,211,955              | 36,775,977<br>0<br>1,103,840<br>37,879,817            | 35,354,875<br>0<br>951,450<br>36,306,325              | 34,921,217<br>0<br>1,000,000<br>35,921,217            |
| Industrial and Miscellaneous and Credit Tenant<br>Loans (unaffiliated)   | 21. United States ..... 176,355,274<br>22. Canada ..... 4,556,524<br>23. Other Countries ..... 15,150,354<br>24. Totals ..... 196,062,152 | 183,950,577<br>5,025,736<br>15,747,207<br>204,723,520 | 177,094,989<br>4,563,640<br>15,161,123<br>196,819,752 | 176,693,485<br>4,500,000<br>14,490,000<br>195,683,485 |
| Parent, Subsidiaries and Affiliates  | 25. Totals ..... 0<br>26. <b>Total Bonds</b> ..... 423,729,863  | 0<br>436,406,348                                      | 0<br>430,766,432                                      | 0<br>417,177,575                                      |
| <b>PREFERRED STOCKS</b>  |   |   |   |   |
| Public Utilities (unaffiliated)  | 27. United States ..... 0<br>28. Canada ..... 0<br>29. Other Countries ..... 0<br>30. Totals ..... 0                                      | 0<br>0<br>0<br>0                                      | 0<br>0<br>0<br>0                                      | 0<br>0<br>0<br>0                                      |
| Banks, Trust and Insurance Companies<br>(unaffiliated)   | 31. United States ..... 0<br>32. Canada ..... 0<br>33. Other Countries ..... 0<br>34. Totals ..... 0                                      | 0<br>0<br>0<br>0                                      | 0<br>0<br>0<br>0                                      | 0<br>0<br>0<br>0                                      |
| Industrial and Miscellaneous (unaffiliated)  | 35. United States ..... 824,704<br>36. Canada ..... 0<br>37. Other Countries ..... 0<br>38. Totals ..... 824,704                          | 824,704<br>0<br>0<br>824,704                          | 1,031,750<br>0<br>0<br>1,031,750                      | 0<br>0<br>0<br>0                                      |
| Parent, Subsidiaries and Affiliates  | 39. Totals ..... 0<br>40. <b>Total Preferred Stocks</b> ..... 824,704   | 0<br>824,704  | 0<br>1,031,750  | 0<br>0  |
| <b>COMMON STOCKS</b>   |   |   |   |   |
| Public Utilities (unaffiliated)  | 41. United States ..... 0<br>42. Canada ..... 0<br>43. Other Countries ..... 0<br>44. Totals ..... 0                                      | 0<br>0<br>0<br>0                                      | 0<br>0<br>0<br>0                                      | 0<br>0<br>0<br>0                                      |
| Banks, Trust and Insurance Companies<br>(unaffiliated)   | 45. United States ..... 0<br>46. Canada ..... 0<br>47. Other Countries ..... 0<br>48. Totals ..... 0                                      | 0<br>0<br>0<br>0                                      | 0<br>0<br>0<br>0                                      | 0<br>0<br>0<br>0                                      |
| Industrial and Miscellaneous (unaffiliated)  | 49. United States ..... 0<br>50. Canada ..... 0<br>51. Other Countries ..... 0<br>52. Totals ..... 0                                      | 0<br>0<br>0<br>0                                      | 0<br>0<br>0<br>0                                      | 0<br>0<br>0<br>0                                      |
| Parent, Subsidiaries and Affiliates  | 53. Totals ..... 0<br>54. <b>Total Common Stocks</b> ..... 0  | 0<br>0  | 0<br>0  | 0<br>0  |
|  | 55. <b>Total Stocks</b> ..... 824,704   | 824,704   | 1,031,750   | 0   |
|  | 56. <b>Total Bonds and Stocks</b> ..... 424,554,567   | 437,231,052   | 431,798,182   |   |

(a) The aggregate value of bonds which are valued at other than actual fair value is \$ .....253,744,311 .

**SCHEDULE D - VERIFICATION BETWEEN YEARS**

|   |  |
|---|--|
| 1. Book/adjusted carrying value of bonds and stocks, prior year ..... 389,983,967             | 6. Foreign Exchange Adjustment:  |
| 2. Cost of bonds and stocks acquired, Column 6, Part 3 ..... 76,014,134                       | 6.1 Column 17, Part 1 ..... 0  |
| 3. Increase (decrease) by adjustment:   | 6.2 Column 13, Part 2, Sec. 1 ..... 0                                      |
| 3.1 Column 16, Part 1 ..... (2,493,614)   | 6.3 Column 11, Part 2, Sec. 2 ..... 0                                      |
| 3.2 Column 12, Part 2, Sec. 1 ..... (207,045)   | 6.4 Column 11, Part 4 ..... 0  |
| 3.3 Column 10, Part 2, Sec. 2 ..... 0   | 7. Book/adjusted carrying value at end of current period ..... 424,554,567 |
| 3.4 Column 10, Part 4 ..... (168,046) ..... (2,868,705)                                       | 8. Total valuation allowance ..... 0                                       |
| 4. Total gain (loss), Col. 14, Part 4 ..... (92,419)  | 9. Subtotal (Lines 7 plus 8) ..... 424,554,567                             |
| 5. Deduct consideration for bonds and stocks disposed of<br>Column 6, Part 4 ..... 38,482,410 | 10. Total nonadmitted amounts ..... 0                                      |
|   | 11. Statement value of bonds and stocks, current period ..... 424,554,567  |

**SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES**  
**SCHEDULE P - PART 1 - SUMMARY**

(\$000 Omitted)

| Years in Which Premiums Were Earned and Losses Were Incurred | Premiums Earned         |            |                        | Loss and Loss Expense Payments |       |                                       |       |                              |       |  |  | 12<br>Number of Claims Reported - Direct and Assumed |
|--|-------------------------|------------|------------------------|--------------------------------|-------|---------------------------------------|-------|------------------------------|-------|--|--|--|
|  | 1<br>Direct and Assumed | 2<br>Ceded | 3<br>Net (Cols. 1 - 2) | Loss Payments                  |       | Defense and Cost Containment Payments |       | Adjusting and Other Payments |       | 10<br>Salvage and Subrogation Received | 11<br>Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9) |  |
|  |                         |            |                        | 4                              | 5     | 6                                     | 7     | 8                            | 9     |  |  |  |
|  |                         |            |                        | Direct and Assumed             | Ceded | Direct and Assumed                    | Ceded | Direct and Assumed           | Ceded |  |  |  |
| 1. Prior   | XXX                     | XXX        | XXX                    | 0                              | 0     | 0                                     | 0     | 0                            | 0     | 0                                      | 0  | XXX  |
| 2. 1993  | 0                       | 0          | 0                      | 0                              | 0     | 0                                     | 0     | 0                            | 0     | 0                                      | 0  | XXX  |
| 3. 1994  | 0                       | 0          | 0                      | 0                              | 0     | 0                                     | 0     | 0                            | 0     | 0                                      | 0  | XXX  |
| 4. 1995  | 0                       | 0          | 0                      | 0                              | 0     | 0                                     | 0     | 0                            | 0     | 0                                      | 0  | XXX  |
| 5. 1996  | 0                       | 0          | 0                      | 0                              | 0     | 0                                     | 0     | 0                            | 0     | 0                                      | 0  | XXX  |
| 6. 1997  | 0                       | 0          | 0                      | 0                              | 0     | 0                                     | 0     | 0                            | 0     | 0                                      | 0  | XXX  |
| 7. 1998  | 0                       | 0          | 0                      | 0                              | 0     | 0                                     | 0     | 0                            | 0     | 0                                      | 0  | XXX  |
| 8. 1999  | 0                       | 0          | 0                      | 0                              | 0     | 0                                     | 0     | 0                            | 0     | 0                                      | 0  | XXX  |
| 9. 2000  | 21,533                  | 5,008      | 16,525                 | 6,899                          | 0     | 228                                   | 0     | 1,123                        | 0     | 65                                     | 8,249  | XXX  |
| 10. 2001   | 141,330                 | 30,835     | 110,496                | 55,436                         | 0     | 1,056                                 | 0     | 7,475                        | 0     | 604                                    | 63,967   | XXX  |
| 11. 2002   | 168,488                 | 45,175     | 123,312                | 41,973                         | 0     | 789                                   | 0     | 5,181                        | 0     | 217                                    | 47,943   | XXX  |
| 12. Totals   | XXX                     | XXX        | XXX                    | 104,308                        | 0     | 2,072                                 | 0     | 13,778                       | 0     | 886                                    | 120,159  | XXX  |

|            | Losses Unpaid      |       |                    |       | Defense and Cost Containment Unpaid |       |                    |       | Adjusting and Other Unpaid |             | 23<br>Salvage and Subrogation Anticipated | 24<br>Total Net Losses and Expenses Unpaid | 25<br>Number of Claims Outstanding - Direct and Assumed |
|------------|--------------------|-------|--------------------|-------|-------------------------------------|-------|--------------------|-------|----------------------------|-------------|---|--|---|
|            | Case Basis         |       | Bulk + IBNR        |       | Case Basis                          |       | Bulk + IBNR        |       | 21<br>Direct and Assumed   | 22<br>Ceded |   |  |   |
|            | 13                 | 14    | 15                 | 16    | 17                                  | 18    | 19                 | 20    |                            |             |   |  |   |
|            | Direct and Assumed | Ceded | Direct and Assumed | Ceded | Direct and Assumed                  | Ceded | Direct and Assumed | Ceded |                            |             |   |  |   |
| 1. ....    | 0                  | 0     | 0                  | 0     | 0                                   | 0     | 0                  | 0     | 0                          | 0           | 0   | 0  | XXX   |
| 2. ....    | 0                  | 0     | 0                  | 0     | 0                                   | 0     | 0                  | 0     | 0                          | 0           | 0   | 0  | XXX   |
| 3. ....    | 0                  | 0     | 0                  | 0     | 0                                   | 0     | 0                  | 0     | 0                          | 0           | 0   | 0  | XXX   |
| 4. ....    | 0                  | 0     | 0                  | 0     | 0                                   | 0     | 0                  | 0     | 0                          | 0           | 0   | 0  | XXX   |
| 5. ....    | 0                  | 0     | 0                  | 0     | 0                                   | 0     | 0                  | 0     | 0                          | 0           | 0   | 0  | XXX   |
| 6. ....    | 0                  | 0     | 0                  | 0     | 0                                   | 0     | 0                  | 0     | 0                          | 0           | 0   | 0  | XXX   |
| 7. ....    | 0                  | 0     | 0                  | 0     | 0                                   | 0     | 0                  | 0     | 0                          | 0           | 0   | 0  | XXX   |
| 8. ....    | 0                  | 0     | 0                  | 0     | 0                                   | 0     | 0                  | 0     | 0                          | 0           | 0   | 0  | XXX   |
| 9. ....    | 285                | 0     | 130                | 0     | 0                                   | 0     | 72                 | 0     | 10                         | 0           | 14  | 496  | XXX   |
| 10. ....   | 4,407              | 0     | 1,690              | 0     | 0                                   | 0     | 843                | 0     | 158                        | 0           | 237                                       | 7,098                                      | XXX   |
| 11. ....   | 15,988             | 0     | 10,986             | 0     | 0                                   | 0     | 1,392              | 0     | 963                        | 0           | 579                                       | 29,330                                     | XXX   |
| 12. Totals | 20,680             | 0     | 12,806             | 0     | 0                                   | 0     | 2,307              | 0     | 1,131                      | 0           | 829                                       | 36,925                                     | XXX   |

|            | Total Losses and Loss Expenses Incurred |             |           | Loss and Loss Expense Percentage (Incurred/Premiums Earned) |             |           | Nontabular Discount |                    | 34<br>Inter-Company Pooling Participation Percentage | Net Balance Sheet Reserves After Discount |                            |
|------------|---|-------------|-----------|---|-------------|-----------|---------------------|--------------------|--|---|----------------------------|
|            | 26<br>Direct and Assumed                | 27<br>Ceded | 28<br>Net | 29<br>Direct and Assumed                                    | 30<br>Ceded | 31<br>Net | 32<br>Loss          | 33<br>Loss Expense |  | 35<br>Losses Unpaid                       | 36<br>Loss Expenses Unpaid |
|            |   |             |           |   |             |           |                     |                    |  |   |                            |
| 1. ....    | XXX                                     | XXX         | XXX       | XXX   | XXX         | XXX       | 0                   | 0                  | XXX  | 0   | 0                          |
| 2. ....    | 0                                       | 0           | 0         | 0.0   | 0.0         | 0.0       | 0                   | 0                  | 0.0  | 0   | 0                          |
| 3. ....    | 0                                       | 0           | 0         | 0.0   | 0.0         | 0.0       | 0                   | 0                  | 0.0  | 0   | 0                          |
| 4. ....    | 0                                       | 0           | 0         | 0.0   | 0.0         | 0.0       | 0                   | 0                  | 0.0  | 0   | 0                          |
| 5. ....    | 0                                       | 0           | 0         | 0.0   | 0.0         | 0.0       | 0                   | 0                  | 0.0  | 0   | 0                          |
| 6. ....    | 0                                       | 0           | 0         | 0.0   | 0.0         | 0.0       | 0                   | 0                  | 0.0  | 0   | 0                          |
| 7. ....    | 0                                       | 0           | 0         | 0.0   | 0.0         | 0.0       | 0                   | 0                  | 0.0  | 0   | 0                          |
| 8. ....    | 0                                       | 0           | 0         | 0.0   | 0.0         | 0.0       | 0                   | 0                  | 0.0  | 0   | 0                          |
| 9. ....    | 8,746                                   | 0           | 8,746     | 40.6  | 0.0         | 52.9      | 0                   | 0                  | 0.0  | 414                                       | 82                         |
| 10. ....   | 71,065                                  | 0           | 71,065    | 50.3  | 0.0         | 64.3      | 0                   | 0                  | 0.0  | 6,098                                     | 1,001                      |
| 11. ....   | 77,273                                  | 0           | 77,273    | 45.9  | 0.0         | 62.7      | 0                   | 0                  | 0.0  | 26,974                                    | 2,356                      |
| 12. Totals | XXX                                     | XXX         | XXX       | XXX   | XXX         | XXX       | 0                   | 0                  | XXX  | 33,486                                    | 3,439                      |

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements which will reconcile Part 1 with Parts 2 and 4.

**SCHEDULE P - PART 2 - SUMMARY**

| Years in Which Losses Were Incurred | INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED) |      |      |      |      |      |      |       |        |            | DEVELOPMENT |          |
|-------------------------------------|--|------|------|------|------|------|------|-------|--------|------------|-------------|----------|
|                                     | 1  | 2    | 3    | 4    | 5    | 6    | 7    | 8     | 9      | 10         | 11          | 12       |
|                                     | 1993   | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000  | 2001   | 2002       | One Year    | Two Year |
| 1. Prior                            | .0   | .0   | .0   | .0   | .0   | .0   | .0   | .0    | .0     | .0         | .0          | .0       |
| 2. 1993                             | .0   | .0   | .0   | .0   | .0   | .0   | .0   | .0    | .0     | .0         | .0          | .0       |
| 3. 1994                             | XXX  | .0   | .0   | .0   | .0   | .0   | .0   | .0    | .0     | .0         | .0          | .0       |
| 4. 1995                             | XXX  | XXX  | .0   | .0   | .0   | .0   | .0   | .0    | .0     | .0         | .0          | .0       |
| 5. 1996                             | XXX  | XXX  | XXX  | .0   | .0   | .0   | .0   | .0    | .0     | .0         | .0          | .0       |
| 6. 1997                             | XXX  | XXX  | XXX  | XXX  | .0   | .0   | .0   | .0    | .0     | .0         | .0          | .0       |
| 7. 1998                             | XXX  | XXX  | XXX  | XXX  | XXX  | .0   | .0   | .0    | .0     | .0         | .0          | .0       |
| 8. 1999                             | XXX  | XXX  | XXX  | XXX  | XXX  | XXX  | .0   | .0    | .0     | .0         | .0          | .0       |
| 9. 2000                             | XXX  | XXX  | XXX  | XXX  | XXX  | XXX  | XXX  | 7,092 | 7,992  | 7,613      | (379)       | 521      |
| 10. 2001                            | XXX  | XXX  | XXX  | XXX  | XXX  | XXX  | XXX  | XXX   | 60,937 | 63,432     | 2,495       | XXX      |
| 11. 2002                            | XXX  | XXX  | XXX  | XXX  | XXX  | XXX  | XXX  | XXX   | XXX    | 71,128     | XXX         | XXX      |
|                                     |  |      |      |      |      |      |      |       |        | 12. Totals | 2,116       | 521      |

**SCHEDULE P - PART 3 - SUMMARY**

| Years in Which Losses Were Incurred | CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED) |      |      |      |      |      |      |       |        |        | 11  | 12   |
|-------------------------------------|---|------|------|------|------|------|------|-------|--------|--------|---|--|
|                                     | 1   | 2    | 3    | 4    | 5    | 6    | 7    | 8     | 9      | 10     | Number of Claims Closed With Loss Payment | Number of Claims Closed Without Loss Payment |
|                                     | 1993  | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000  | 2001   | 2002   |   |  |
| 1. Prior                            | .000  | .0   | .0   | .0   | .0   | .0   | .0   | .0    | .0     | .0     | XXX                                       | XXX  |
| 2. 1993                             | .0  | .0   | .0   | .0   | .0   | .0   | .0   | .0    | .0     | .0     | XXX                                       | XXX  |
| 3. 1994                             | XXX   | .0   | .0   | .0   | .0   | .0   | .0   | .0    | .0     | .0     | XXX                                       | XXX  |
| 4. 1995                             | XXX   | XXX  | .0   | .0   | .0   | .0   | .0   | .0    | .0     | .0     | XXX                                       | XXX  |
| 5. 1996                             | XXX   | XXX  | XXX  | .0   | .0   | .0   | .0   | .0    | .0     | .0     | XXX                                       | XXX  |
| 6. 1997                             | XXX   | XXX  | XXX  | XXX  | .0   | .0   | .0   | .0    | .0     | .0     | XXX                                       | XXX  |
| 7. 1998                             | XXX   | XXX  | XXX  | XXX  | XXX  | .0   | .0   | .0    | .0     | .0     | XXX                                       | XXX  |
| 8. 1999                             | XXX   | XXX  | XXX  | XXX  | XXX  | XXX  | .0   | .0    | .0     | .0     | XXX                                       | XXX  |
| 9. 2000                             | XXX   | XXX  | XXX  | XXX  | XXX  | XXX  | XXX  | 2,911 | 6,551  | 7,127  | XXX                                       | XXX  |
| 10. 2001                            | XXX   | XXX  | XXX  | XXX  | XXX  | XXX  | XXX  | XXX   | 38,675 | 56,492 | XXX                                       | XXX  |
| 11. 2002                            | XXX   | XXX  | XXX  | XXX  | XXX  | XXX  | XXX  | XXX   | XXX    | 42,762 | XXX                                       | XXX  |

**SCHEDULE P - PART 4 - SUMMARY**

| Years in Which Losses Were Incurred | BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED) |      |      |      |      |      |      |       |        |        |
|-------------------------------------|---|------|------|------|------|------|------|-------|--------|--------|
|                                     | 1   | 2    | 3    | 4    | 5    | 6    | 7    | 8     | 9      | 10     |
|                                     | 1993  | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000  | 2001   | 2002   |
| 1. Prior                            | .0  | .0   | .0   | .0   | .0   | .0   | .0   | .0    | .0     | .0     |
| 2. 1993                             | .0  | .0   | .0   | .0   | .0   | .0   | .0   | .0    | .0     | .0     |
| 3. 1994                             | XXX   | .0   | .0   | .0   | .0   | .0   | .0   | .0    | .0     | .0     |
| 4. 1995                             | XXX   | XXX  | .0   | .0   | .0   | .0   | .0   | .0    | .0     | .0     |
| 5. 1996                             | XXX   | XXX  | XXX  | .0   | .0   | .0   | .0   | .0    | .0     | .0     |
| 6. 1997                             | XXX   | XXX  | XXX  | XXX  | .0   | .0   | .0   | .0    | .0     | .0     |
| 7. 1998                             | XXX   | XXX  | XXX  | XXX  | XXX  | .0   | .0   | .0    | .0     | .0     |
| 8. 1999                             | XXX   | XXX  | XXX  | XXX  | XXX  | XXX  | .0   | .0    | .0     | .0     |
| 9. 2000                             | XXX   | XXX  | XXX  | XXX  | XXX  | XXX  | XXX  | 2,769 | 946    | 202    |
| 10. 2001                            | XXX   | XXX  | XXX  | XXX  | XXX  | XXX  | XXX  | XXX   | 12,194 | 2,533  |
| 11. 2002                            | XXX   | XXX  | XXX  | XXX  | XXX  | XXX  | XXX  | XXX   | XXX    | 12,378 |

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

Allocated by States and Territories

| States, etc.  | 1<br>Is Insurer Licensed? (Yes or No) | Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken |                             | 4<br>Dividends Paid or Credited to Policyholders on Direct Business | 5<br>Direct Losses Paid (Deducting Salvage) | 6<br>Direct Losses Incurred | 7<br>Direct Losses Unpaid | 8<br>Finance and Service Charges Not Included in Premiums | 9<br>Direct Premium Written for Federal Purchasing Groups (Included in Col. 2) |
|---|---------------------------------------|--|-----------------------------|---|---|-----------------------------|---------------------------|---|--|
|   |                                       | 2<br>Direct Premiums Written   | 3<br>Direct Premiums Earned |   |   |                             |                           |   |  |
| 1. Alabama  | AL                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 2. Alaska   | AK                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 3. Arizona  | AZ                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 4. Arkansas   | AR                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 5. California   | CA                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 6. Colorado   | CO                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 7. Connecticut  | CT                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 8. Delaware   | DE                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 9. District of Columbia   | DC                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 10. Florida   | FL                                    | Yes  | 173,939,435                 | 168,487,659   | 59,616,523                                  | 71,059,182                  | 33,485,863                | 360,754   | 0  |
| 11. Georgia   | GA                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 12. Hawaii  | HI                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 13. Idaho   | ID                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 14. Illinois  | IL                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 15. Indiana   | IN                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 16. Iowa  | IA                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 17. Kansas  | KS                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 18. Kentucky  | KY                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 19. Louisiana   | LA                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 20. Maine   | ME                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 21. Maryland  | MD                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 22. Massachusetts   | MA                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 23. Michigan  | MI                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 24. Minnesota   | MN                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 25. Mississippi   | MS                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 26. Missouri  | MO                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 27. Montana   | MT                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 28. Nebraska  | NE                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 29. Nevada  | NV                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 30. New Hampshire   | NH                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 31. New Jersey  | NJ                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 32. New Mexico  | NM                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 33. New York  | NY                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 34. North Carolina  | NC                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 35. North Dakota  | ND                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 36. Ohio  | OH                                    | Yes  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 37. Oklahoma  | OK                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 38. Oregon  | OR                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 39. Pennsylvania  | PA                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 40. Rhode Island  | RI                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 41. South Carolina  | SC                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 42. South Dakota  | SD                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 43. Tennessee   | TN                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 44. Texas   | TX                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 45. Utah  | UT                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 46. Vermont   | VT                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 47. Virginia  | VA                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 48. Washington  | WA                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 49. West Virginia   | WV                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 50. Wisconsin   | WI                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 51. Wyoming   | WY                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 52. American Samoa  | AS                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 53. Guam  | GU                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 54. Puerto Rico   | PR                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 55. U.S. Virgin Islands   | VI                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 56. Canada  | CN                                    | No   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 57. Aggregate Other Aliens  | OT                                    | XXX  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 58. Totals  | (a) 2                                 |  | 173,939,435                 | 168,487,659   | 59,616,523                                  | 71,059,182                  | 33,485,863                | 360,754   | 0  |
| <b>DETAILS OF WRITE-INS</b>   |                                       |  |                             |   |   |                             |                           |   |  |
| 5701.   | XXX                                   |  |                             |   |   |                             |                           |   |  |
| 5702.   | XXX                                   |  |                             |   |   |                             |                           |   |  |
| 5703.   | XXX                                   |  |                             |   |   |                             |                           |   |  |
| 5798. Summary of remaining write-ins for Line 57 from overflow page | XXX                                   |  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 5799. Totals (Lines 5701 thru 5703 plus 5798)(Line 57 above)        | XXX                                   |  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |

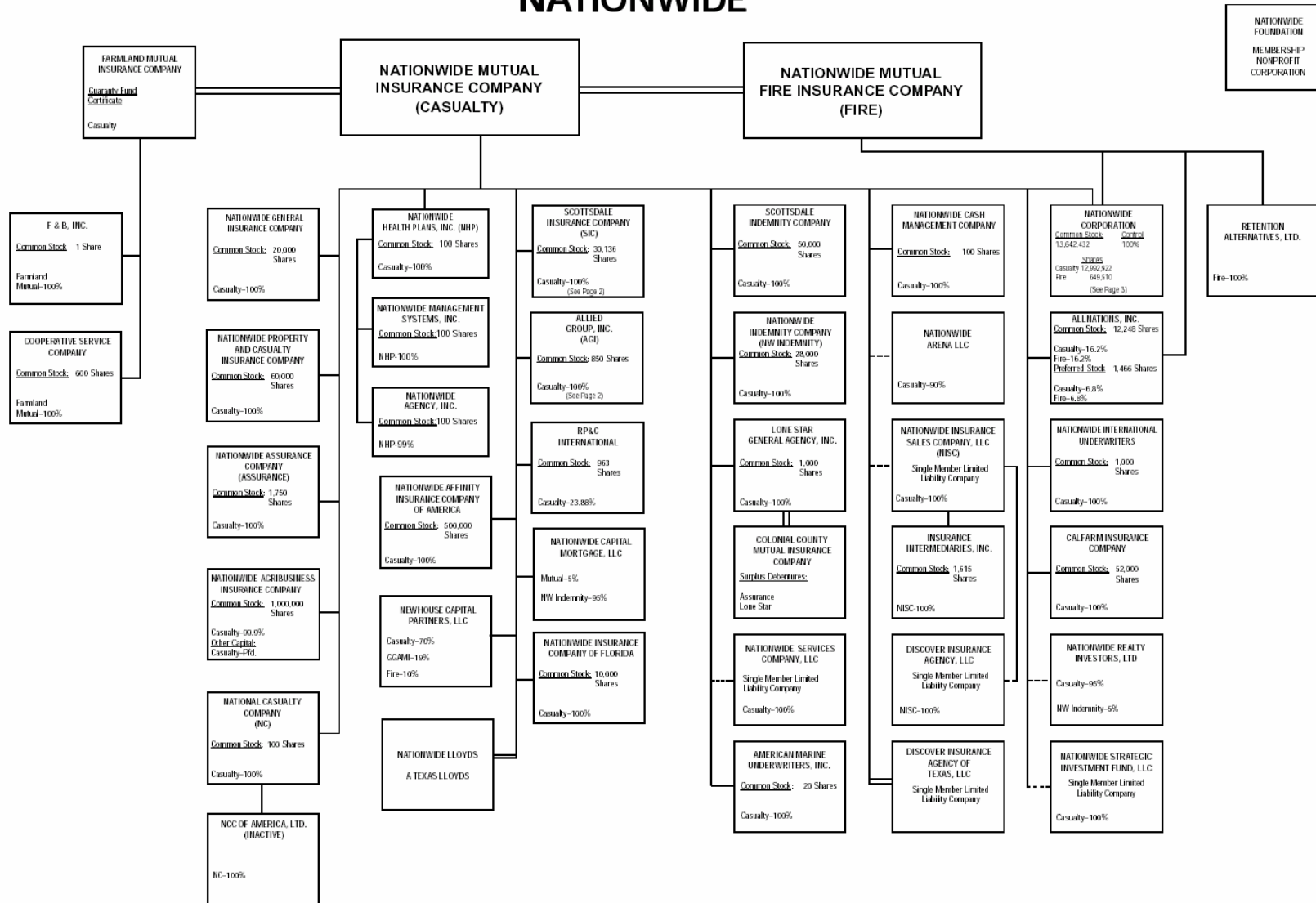
(a) Insert the number of yes responses except for Canada and Other Alien.

Explanation of basis of allocation of premiums by states, etc.

# SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

## PART 1 - ORGANIZATIONAL CHART

### NATIONWIDE®



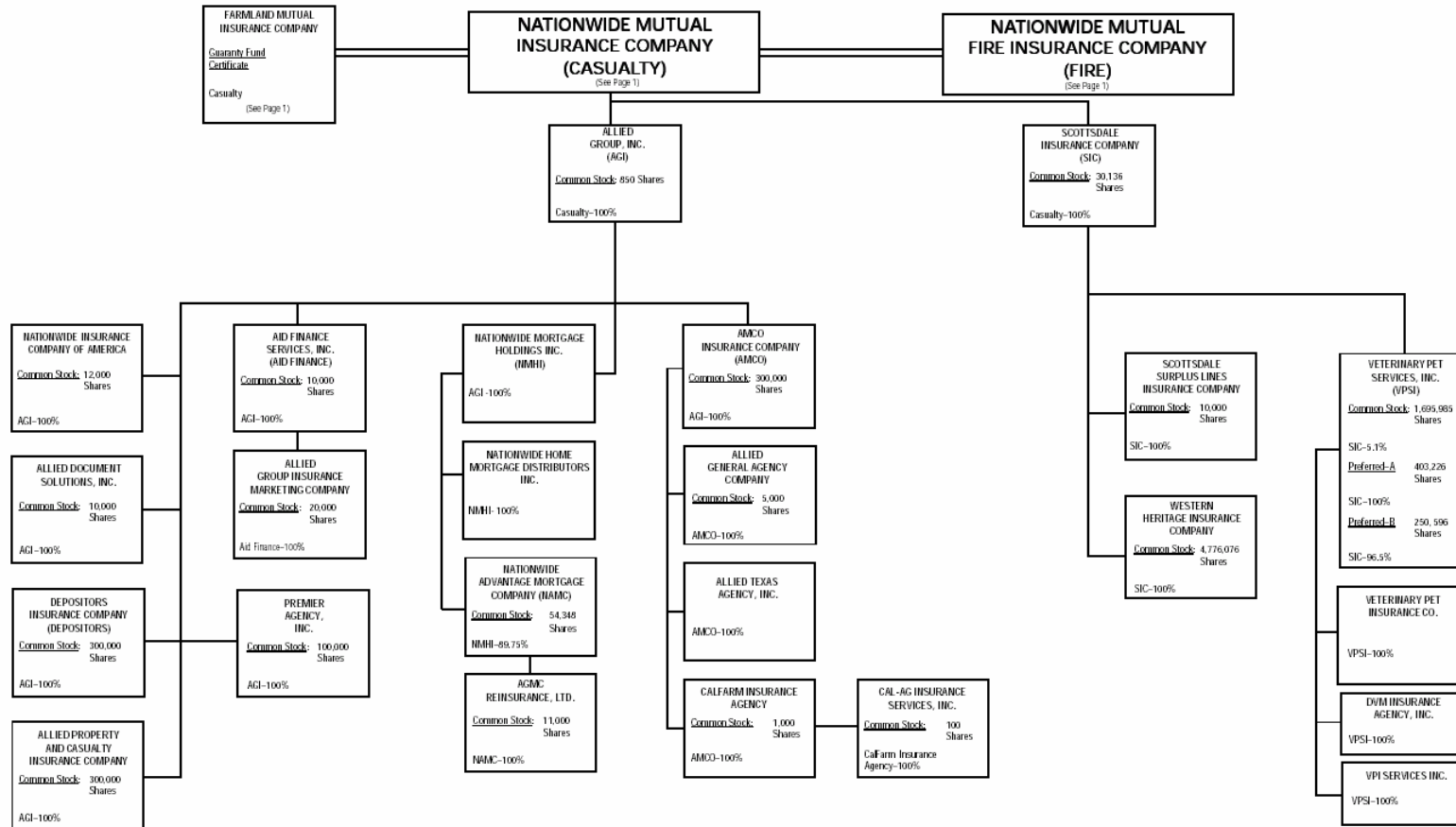
Subsidiary Companies — Solid Line  
Contractual Association — Double Line  
Limited Liability Company — Dotted Line

December 31, 2002

109

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**  
**PART 1 - ORGANIZATIONAL CHART**

**NATIONWIDE\***



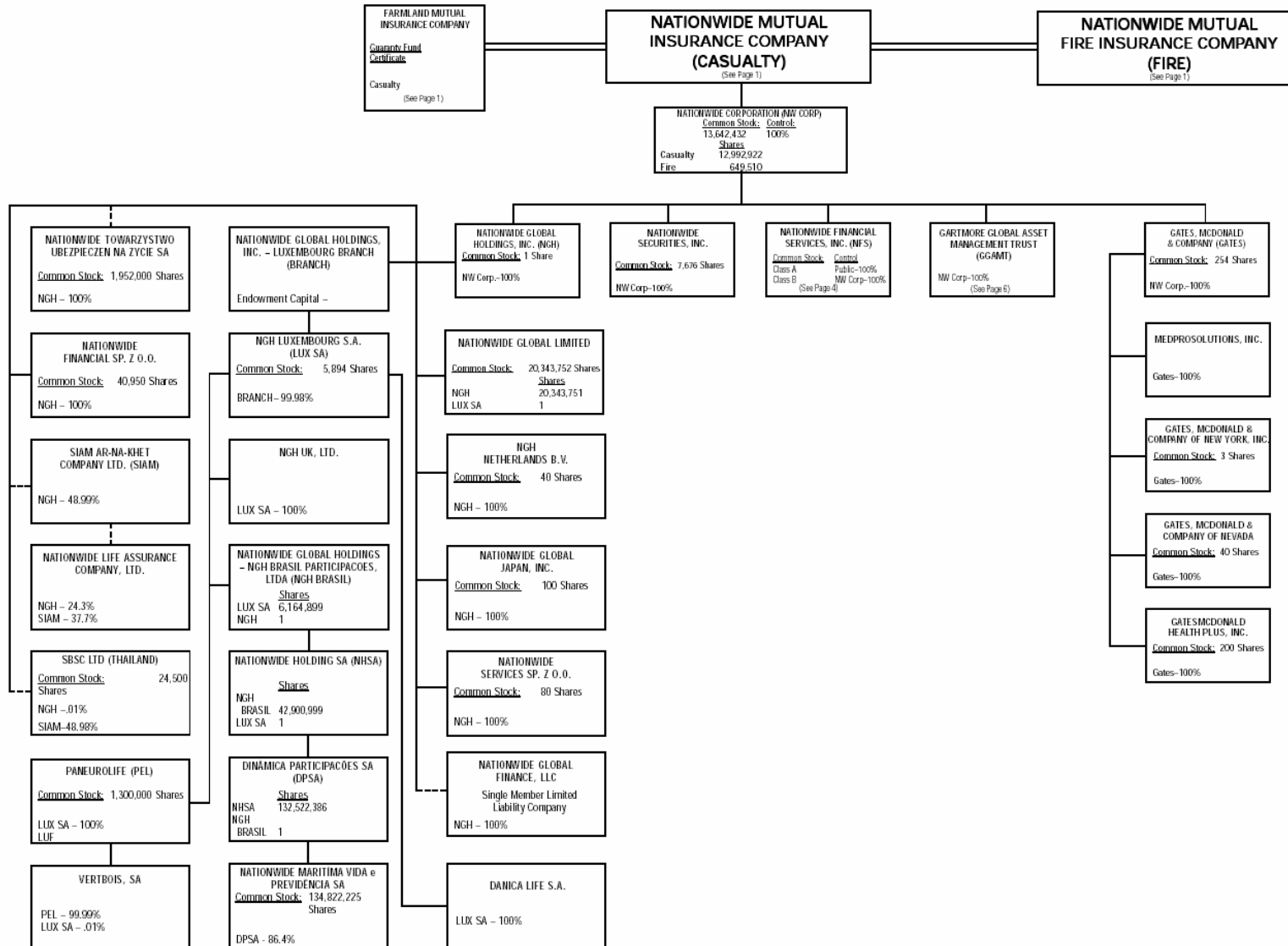
109.1

Subsidiary Companies — Solid Line  
 Contractual Association — Double Line  
 Limited Liability Company — Dotted Line

December 31, 2002

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**  
**PART 1 - ORGANIZATIONAL CHART**

**NATIONWIDE®**



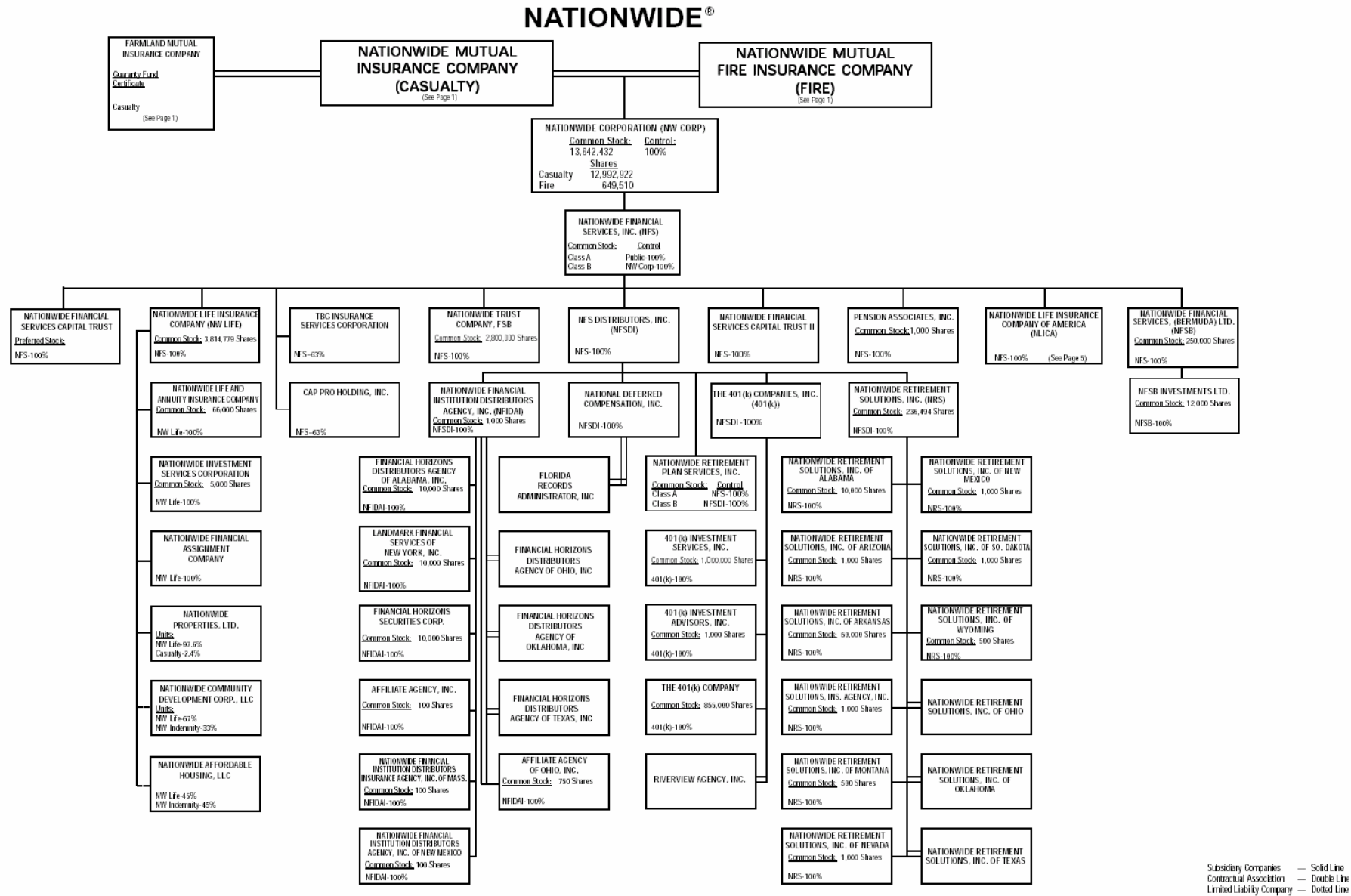
Subsidiary Companies — Solid Line  
 Contractual Association — Double Line  
 Limited Liability Company — Dotted Line

December 31, 2002

109.2

# SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

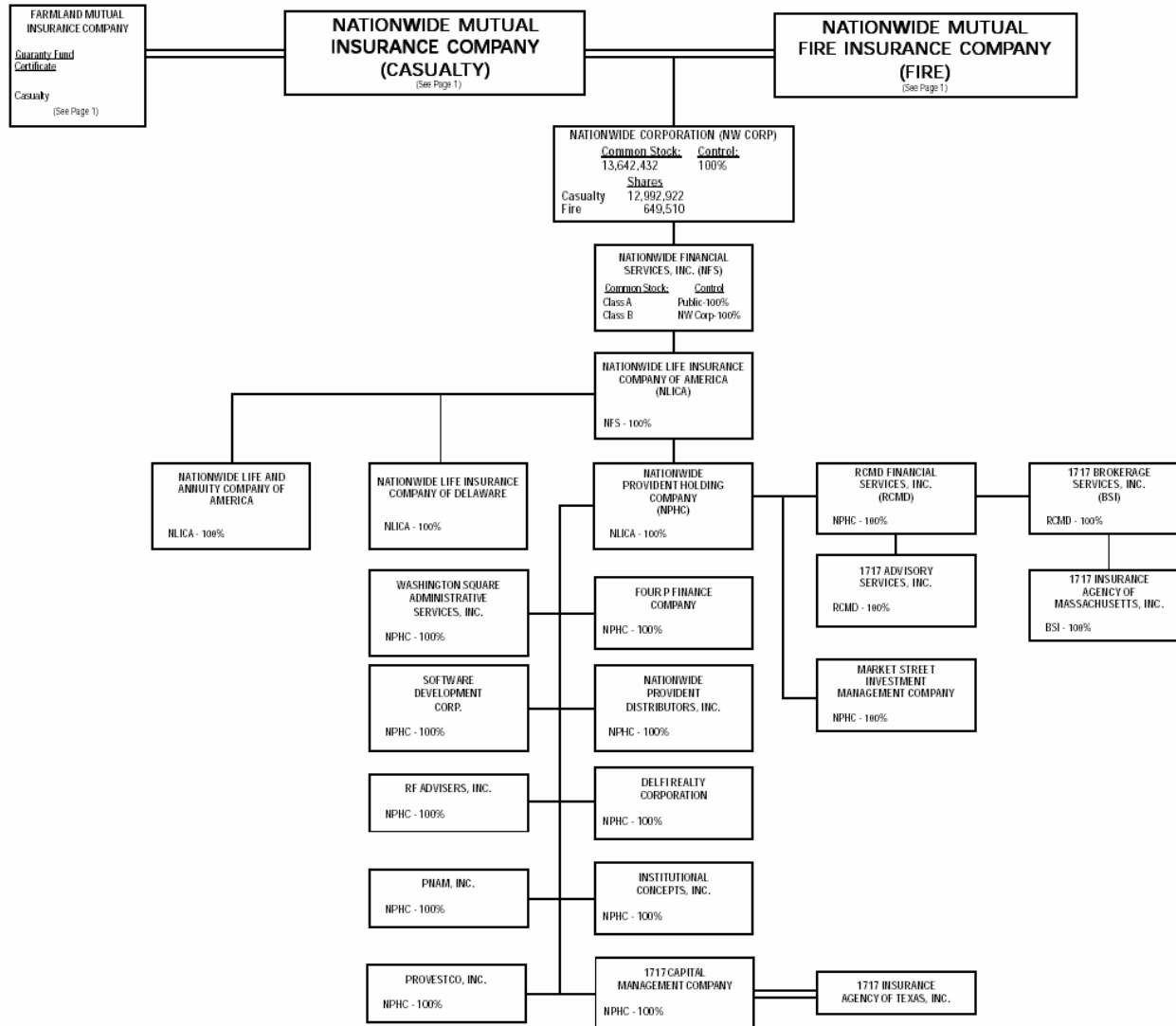
## PART 1 - ORGANIZATIONAL CHART



1093

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**  
**PART 1 - ORGANIZATIONAL CHART**

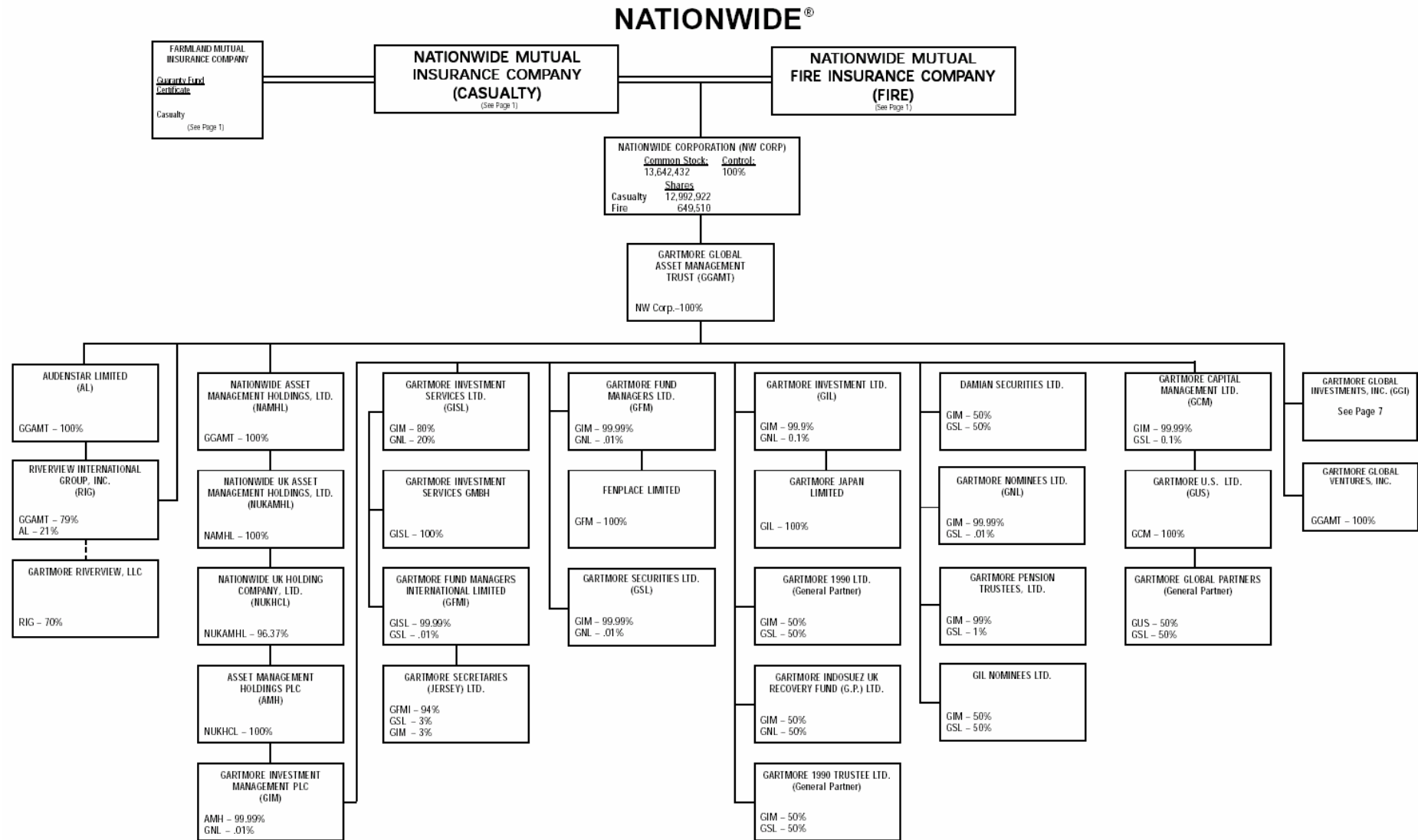
**NATIONWIDE®**



109.4

Subsidiary Companies — Solid Line  
 Contractual Association — Double Line  
 Limited Liability Company — Dotted Line

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**  
**PART 1 - ORGANIZATIONAL CHART**



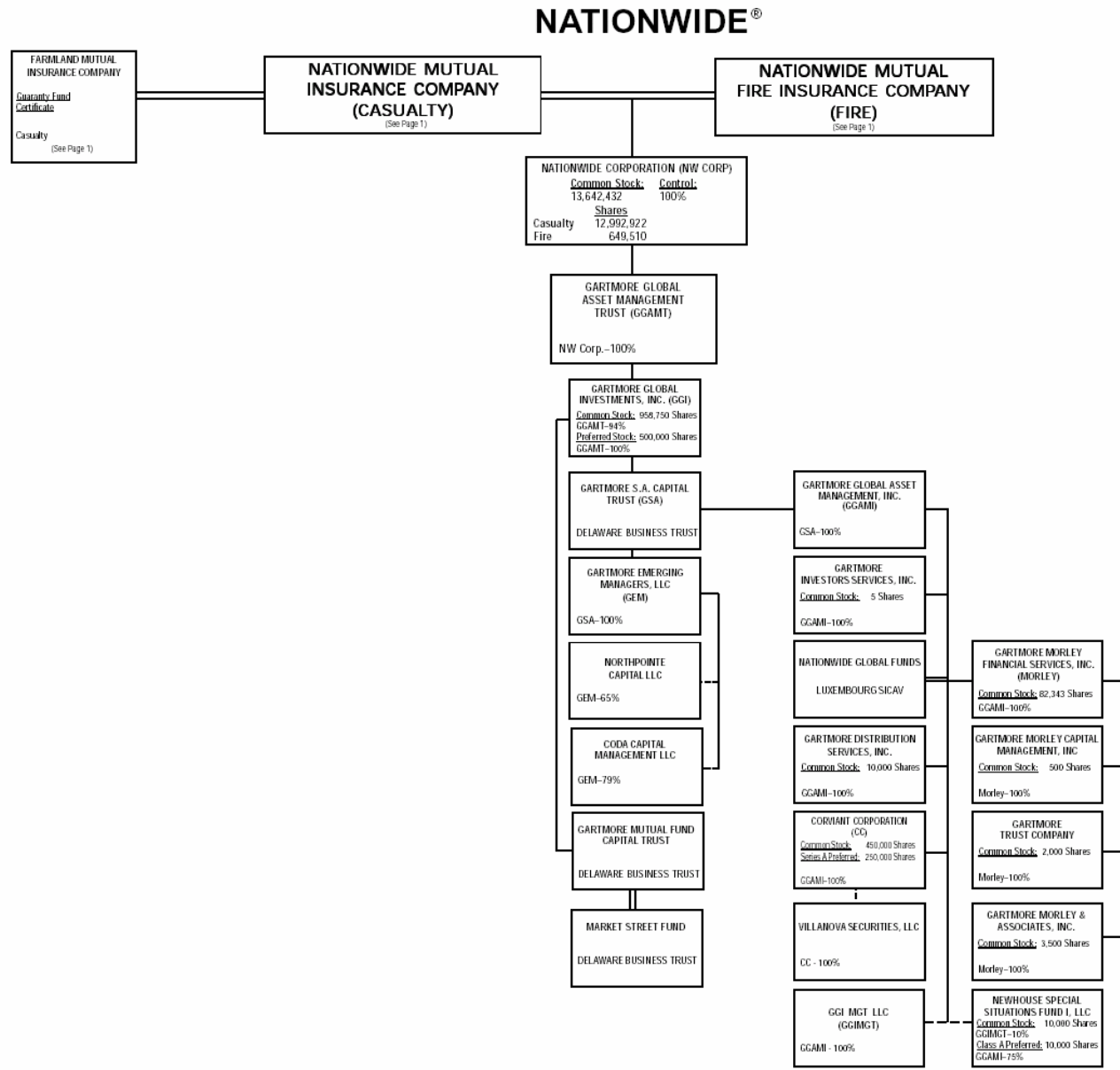
109.5

Subsidiary Companies — Solid Line  
 Contractual Association — Double Line  
 Limited Liability Company — Dotted Line

December 31, 2002

# SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

## PART 1 - ORGANIZATIONAL CHART



Subsidiary Companies — Solid Line  
 Contractual Association — Double Line  
 Limited Liability Company — Dotted Line  
 December 31, 2002

109.6