



ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2002

OF THE CONDITION AND AFFAIRS OF THE

SCOTTSDALE INDEMNITY COMPANY

NAIC Group Code 0140 0140 NAIC Company Code 15580 Employer's ID Number 31-1117969
(Current Period) (Prior Period)

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

Country of Domicile United States of America

Incorporated November 14, 1984 Commenced Business August 1, 1985

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

Main Administrative Office 8877 N. Gainey Center Drive
(Street and Number) 480-365-4000
Scottsdale, AZ 85258-2108 (Area Code) (Telephone Number)
(City or Town, State and Zip Code)

Mail Address P.O. Box 4110, Scottsdale, AZ 85261-4110
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 8877 N. Gainey Center Drive
(Street and Number) 480-365-4000
Scottsdale, AZ 85258-2108 (Area Code) (Telephone Number)
(City or Town, State and Zip Code)

Internet Website Address www.scottsdaleins.com

Statement Contact Marilyn S. Sheedy 480-365-2324
(Name) (Area Code) (Telephone Number) (Extension)
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Policyowner Relations Contact 8877 N. Gainey Center Drive
(Street and Number) 480-365-4000
Scottsdale, AZ 85258-2108 (Area Code) (Telephone Number) (Extension)
(City or Town, State and Zip Code)

OFFICERS

President Roger Max Williamson Secretary Glenn Warren Soden
Treasurer Judy Lee Howard

VICE PRESIDENTS

<u>James William Carney</u>	<u>John Roscoe Cook Jr.</u>	<u>David Samuel Dale</u>
<u>Patricia Ruth Hatler</u>	<u>Michael Stevens Helfer</u>	<u>Terri Lynn Hill</u>
<u>Michael Lee Horsman</u>	<u>Donna Anita James</u>	<u>Edwin Pugh McCausland, Jr.</u>
<u>Robert Alan Oakley</u>	<u>Randall Lee Orr</u>	<u>Mark David Phelan</u>
<u>Doreen Katherine Reinke</u>	<u>Richard John Schmitzer</u>	<u>Harry George Surprenant</u>
<u>Gary Lynn Tiepelman</u>	<u>Alan Anthony Todryk</u>	<u>Susan Feola Wain</u>
<u>John David Zicarelli</u>		

ASSOCIATE VICE PRESIDENTS

<u>Thomas Edward Barnes</u>	<u>Carol Lynn Dove</u>	<u>David James Kauckeck</u>
<u>Kenneth Ari Levine</u>	<u>Joseph Albert Lughes, Jr.</u>	<u>Jean Marie Nelson</u>
<u>Arlan Gene Oliva</u>	<u>Vijay Anand Ramachandran</u>	

DIRECTORS OR TRUSTEES

<u>Galen Ross Barnes</u>	<u>David Karl Hollingsworth</u>	<u>Judy Lee Howard</u>
<u>Michael Dean Miller</u>	<u>Roger Max Williamson</u>	

.....Arizona.....
State of ...
.....Maricopa.....
County of ... } ss

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.

Roger Max Williamson Randall Lee Orr Judy Lee Howard
President Assistant Secretary Treasurer

Subscribed and sworn to before me this
14th day of February, 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 SCOTTSDALE INDEMNITY COMPANY

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds	10,638,545		10,638,545	10,426,644
2. Stocks:				
2.1 Preferred stocks (Schedule D, Part 2, Section 1)				
2.2 Common stocks (Schedule D, Part 2, Section 2)				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$0 encumbrances)				
4.2 Properties held for the production of income (less \$0 encumbrances)				
4.3 Properties held for sale (less \$0 encumbrances)				
5. Cash (\$266,312 Schedule E, Part 1) and short-term investments(\$1,704,959 Schedule DA, Part 2)	1,971,271		1,971,271	1,518,708
6. Other invested assets (Schedule BA)				
7. Receivable for securities				
8. Aggregate write-ins for invested assets				
9. Subtotals, cash and invested assets (Lines 1 to 8)	12,609,816		12,609,816	11,945,352
10. Agents' balances or uncollected premiums:				
10.1 Premiums and agents' balances in course of collection				
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (Including \$0 earned but unbilled premiums)				
10.3 Accrued retrospective premiums				
11. Funds held by or deposited with reinsured companies				
12. Bills receivable, taken for premiums				
13. Amounts receivable under high deductible policies				
14. Reinsurance recoverables on loss and loss adjustment expense payments (Schedule F, Part 3, Cols. 7 and 8)				
15. Federal and foreign income tax recoverable and interest thereon (including \$0 net deferred tax asset)				59,603
16. Guaranty funds receivable or on deposit				
17. Electronic data processing equipment and software				
18. Interest, dividends and real estate income due and accrued	208,266		208,266	210,714
19. Net adjustments in assets and liabilities due to foreign exchange rates				
20. Receivable from parent, subsidiaries and affiliates				
21. Amount due from/to protected cells				
22. Equities and deposits in pools and associations				
23. Amounts receivable relating to uninsured accident and health plans				
24. Other assets nonadmitted (Exhibit 1)				
25. Aggregate write-ins for other than invested assets				
26. Total assets excluding protected cell assets (Lines 9 through 25)	12,818,082		12,818,082	12,215,669
27. Protected cell assets				
28. TOTALS (Lines 26 and 27)	12,818,082		12,818,082	12,215,669
DETAILS OF WRITE-INS				
0801.				
0802.				
0803.				
0898. Summary of remaining write-ins for Line 8 from overflow page				
0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above)				
2501.				
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)				

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)		
2. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 6)		
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)		
4. Commissions payable, contingent commissions and other similar charges		
5. Other expenses (excluding taxes, licenses and fees)		
6. Taxes, licenses and fees (excluding federal and foreign income taxes)		
7. Federal and foreign income taxes (including \$0 on realized capital gains (losses)) (including \$(601) net deferred tax liability)	2,739	
8. Borrowed money \$0 and interest thereon \$0		
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$31,701,663 and including warranty reserves of \$0)		
10. Advance premiums		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)		
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14. Amounts withheld or retained by company for account of others		
15. Remittances and items not allocated		
16. Provision for reinsurance (Schedule F, Part 7)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates		
20. Payable for securities		
21. Liability for amounts held under uninsured accident and health plans		
22. Capital Notes \$0 and interest thereon \$0		
23. Aggregate write-ins for liabilities		
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	2,739	
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	2,739	
27. Aggregate write-ins for special surplus funds		
28. Common capital stock	3,000,000	3,000,000
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus	5,800,000	5,800,000
33. Unassigned funds (surplus)	4,015,343	3,415,669
34. Less treasury stock, at cost:		
34.10 shares common (value included in Line 28 \$0)		
34.20 shares preferred (value included in Line 29 \$0)		
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 38)	12,815,343	12,215,669
36. TOTALS (Page 2, Line 28, Col. 3)	12,818,082	12,215,669
DETAILS OF WRITE-INS		
2301.		
2302.		
2303.		
2398. Summary of remaining write-ins for Line 23 from overflow page		
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)		
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)		
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page		
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above)		

UNDERWRITING AND INVESTMENT EXHIBIT STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 34, Column 4)		
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7)		
3. Loss expenses incurred (Part 3, Line 25, Column 1)		
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)		
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)		
7. Net income of protected cells		
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7)		
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	715,899	748,768
10. Net realized capital gains or (losses) (Exhibit of Capital Gains (Losses))	112,266	
11. Net investment gain or (loss) (Lines 9 + 10)	828,165	748,768
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$0 amount charged off \$0)		
13. Finance and service charges not included in premiums		
14. Aggregate write-ins for miscellaneous income		
15. Total other income (Lines 12 through 14)		
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15)	828,165	748,768
17. Dividends to policyholders		
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17)	828,165	748,768
19. Federal and foreign income taxes incurred	228,491	448,891
20. Net income (Line 18 minus Line 19) (to Line 22)	599,674	299,877
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2)	12,215,669	11,912,941
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20)	599,674	299,877
23. Net unrealized capital gains or (losses)		
24. Change in net unrealized foreign exchange capital gain (loss)		
25. Change in net deferred income tax		46,601
26. Change in nonadmitted assets (Exhibit 1, Line 5, Col. 3)		
27. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
28. Change in surplus notes		
29. Surplus (contributed to) withdrawn from protected cells		
30. Cumulative effect of changes in accounting principles		(43,750)
31. Capital changes:		
31.1. Paid in		
31.2. Transferred from surplus (Stock Dividend)		
31.3. Transferred to surplus		
32. Surplus adjustments:		
32.1. Paid in		
32.2. Transferred to capital (Stock Dividend)		
32.3. Transferred from capital		
33. Net remittances from or (to) Home Office		
34. Dividends to stockholders (cash)		
35. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)		
36. Aggregate write-ins for gains and losses in surplus		
37. Change in surplus as regards policyholders for the year (Lines 22 through 36)	599,674	302,728
38. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 37) (Page 3, Line 35)	12,815,343	12,215,669
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page		
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)		
1401.		
1402.		
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)		
3601.		
3602.		
3603.		
3698. Summary of remaining write-ins for Line 36 from overflow page		
3699. Totals (Lines 3601 thru 3603 plus 3698) (Line 36 above)		

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE SCOTTSDALE INDEMNITY COMPANY

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	0	0
2. Loss and loss adjustment expenses paid (net of salvage and subrogation)	0	0
3. Underwriting expenses paid	0	0
4. Other underwriting income (expenses)	0	0
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	0	0
6. Net investment income	740,120	771,681
7. Other income (expenses):		
7.1 Agents' balances charged off	0	0
7.2 Net funds held under reinsurance treaties	0	0
7.3 Net amount withheld or retained for account of others	0	0
7.4 Aggregate write-ins for miscellaneous items	0	0
7.5 Total other income (Lines 7.1 to 7.4)	0	0
8. Dividends to policyholders on direct business, less \$0 dividends on reinsurance assumed or ceded (net)	0	0
9. Federal and foreign income taxes (paid) recovered	(166,149)	(507,126)
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9)	573,971	264,555
Cash from Investments		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds	1,226,942	1,802,175
11.2 Stocks	0	0
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	0	0
11.8 Total investment proceeds (Lines 11.1 to 11.7)	1,226,942	1,802,175
12. Cost of investments acquired (long-term only):		
12.1 Bonds	1,348,350	2,271,105
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Miscellaneous applications	0	0
12.7 Total investments acquired (Lines 12.1 to 12.6)	1,348,350	2,271,105
13. Net Cash from investments (Line 11.8 minus Line 12.7)	(121,408)	(468,930)
Cash from Financing and Miscellaneous Sources		
14. Cash provided:		
14.1 Surplus notes, capital and surplus paid in	0	0
14.2 Capital notes \$0 less amounts repaid \$0	0	0
14.3 Net transfers from affiliates	0	669
14.4 Borrowed funds received	0	0
14.5 Other cash provided	0	0
14.6 Total (Lines 14.1 to 14.5)	0	669
15. Cash applied:		
15.1 Dividends to stockholders paid	0	0
15.2 Net transfers to affiliates	0	0
15.3 Borrowed funds repaid	0	0
15.4 Other applications	0	0
15.5 Total (Lines 15.1 to 15.4)	0	0
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5)	0	669
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
17. Net change in cash and short-term investments (Line 10, plus Line 13, plus Line 16)	452,563	(203,706)
18. Cash and short-term investments:		
18.1 Beginning of year	1,518,708	1,722,414
18.2 End of year (Line 17 plus Line 18.1)	1,971,271	1,518,708
DETAILS OF WRITE-INS		
07.401		
07.402		
07.403		
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)	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Lines of Business		1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 2	3 Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire	0	0	0	0
2.	Allied lines	0	0	0	0
3.	Farmowners multiple peril	0	0	0	0
4.	Homeowners multiple peril	0	0	0	0
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	0	0	0	0
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	0	0	0	0
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.	TOTALS	0	0	0	0
DETAILS OF WRITE-INS					
3301.				
3302.				
3303.				
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

NONE

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 Amount Unearned (Running One Year or Less from Date of Policy) (b)	2 Amount Unearned (Running More Than One Year from Date of Policy) (b)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols: 1 + 2 + 3 + 4
1. Fire					0
2. Allied lines					0
3. Farmowners multiple peril					0
4. Homeowners multiple peril					0
5. Commercial multiple peril					0
6. Mortgage guaranty					0
8. Ocean marine					0
9. Inland marine					0
10. Financial guaranty					0
11.1 Medical malpractice - occurrence					0
11.2 Medical malpractice - claims-made					0
12. Earthquake					0
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	0	0	0	0	0
35. Accrued retrospective premiums based on experience					
36. Earned but unbilled premiums					
37. Balance (Sum of Line 34 through 36)					0
DETAILS OF WRITE-INS					
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

NONE

(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 . Policy Term.....

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 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire	1,070,046		242	1,070,288		0
2. Allied lines	587,899		1,145	589,044		0
3. Farmowners multiple peril	(1,109)			(1,109)		0
4. Homeowners multiple peril	152,526			152,526		0
5. Commercial multiple peril	3,297,043			3,297,043		0
6. Mortgage guaranty						0
8. Ocean marine						0
9. Inland marine	510,578			510,578		0
10. Financial guaranty						0
11.1 Medical malpractice - occurrence						0
11.2 Medical malpractice - claims-made						0
12. Earthquake	65,071			65,071		0
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	25,245,187			25,245,187		0
17.2 Other liability - claims-made	6,203,772			6,203,772		0
18.1 Products liability - occurrence	379,883			379,883		0
18.2 Products liability - claims-made						0
19.1,19.2 Private passenger auto liability						0
19.3,19.4 Commercial auto liability	24,368,465	14,933,317	554,454	39,856,236		0
21. Auto physical damage	5,527,725	3,150,670	5,332	8,683,727		0
22. Aircraft (all perils)						0
23. Fidelity	8,316			8,316		0
24. Surety						0
26. Burglary and theft	2,448			2,448		0
27. Boiler and machinery	62,360			62,360		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
34. TOTALS	67,480,210	18,083,987	561,173	86,125,370	0	0
DETAILS OF WRITE-INS						
3301.						
3302.						
3303.						
3398. Summary of remaining write-ins for Line 33 from overflow page						
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)						

(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 \$0

2. Amount at which such installment premiums would have been reported had they been reported on an annualized basis \$0

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE SCOTTSDALE INDEMNITY COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Previous Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire	451,789	32,508	484,297	.0	.0	.0	.0	
2. Allied lines	107,752	22	107,774	.0	.0	.0	.0	
3. Farmowners multiple peril				.0	.0	.0	.0	
4. Homeowners multiple peril	341,973		341,973	.0	.0	.0	.0	
5. Commercial multiple peril	875,904		875,904	.0	.0	.0	.0	
6. Mortgage guaranty				.0	.0	.0	.0	
8. Ocean marine				.0	.0	.0	.0	
9. Inland marine	49,561		49,561	.0	.0	.0	.0	
10. Financial guaranty				.0	.0	.0	.0	
11.1 Medical malpractice - occurrence				.0	.0	.0	.0	
11.2 Medical malpractice - claims-made	1,700,000		1,700,000	.0	.0	.0	.0	
12. Earthquake	34,533		34,533	.0	.0	.0	.0	
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	(220,981)		(220,981)	.0	.0	.0	.0	
17.1 Other liability - occurrence	5,085,881	5,000	5,090,881	.0	.0	.0	.0	
17.2 Other liability - claims-made	404,495		404,495	.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	(70)		(70)	.0	.0	.0	.0	
19.3,19.4 Commercial auto liability	24,916,835	6,128,637	31,045,472	.0	.0	.0	.0	
21. Auto physical damage	3,447,102	1,336,770	4,783,872	.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	13,813		13,813	.0	.0	.0	.0	
28. Credit				.0	.0	.0	.0	
29. International				.0	.0	.0	.0	
30. Reinsurance - Nonproportional Assumed Property	XXX			.0	.0	.0	.0	
31. Reinsurance - Nonproportional Assumed Liability	XXX			.0	.0	.0	.0	
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX			.0	.0	.0	.0	
33. Aggregate write-ins for other lines of business	.0	.0	.0	.0	.0	.0	.0	
34. TOTALS	37,208,587	7,502,937	44,711,524	0	0	0	0.0	
DETAILS OF WRITE-INS								
3301.								
3302.								
3303.								
3398. Summary of remaining write-ins for Line 33 from overflow page	.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	

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE SCOTTSDALE INDEMNITY COMPANY

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

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 +5 + 6 - 7)	9 Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	89,500	25,000	114,500	.0	16,893		16,893	.0	
2. Allied lines	25,800		25,800	.0	10,987		10,987	.0	
3. Farmowners multiple peril				.0	171		171	.0	
4. Homeowners multiple peril	119,892		119,892	.0	104,369		104,369	.0	
5. Commercial multiple peril	951,437		951,437	.0	767,615		767,615	.0	
6. Mortgage guaranty				.0				.0	
8. Ocean marine				.0				.0	
9. Inland marine	21,561		21,561	.0	67,393		67,393	.0	
10. Financial guaranty				.0				.0	
11.1 Medical malpractice - occurrence				.0	391,361		391,361	.0	
11.2 Medical malpractice - claims-made				.0	204,687		204,687	.0	
12. Earthquake				.0				.0	
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				(a)	.0
16. Workers' compensation	272,742		272,742	.0	909,743		909,743	.0	
17.1 Other liability - occurrence	9,876,929	2,500	9,879,429	.0	13,355,309		13,355,309	.0	
17.2 Other liability - claims-made	2,128,085		2,128,085	.0	3,136,694		3,136,694	.0	
18.1 Products liability - occurrence	123,000		123,000	.0	116,406		116,406	.0	
18.2 Products liability - claims-made				.0				.0	
19.1,19.2 Private passenger auto liability	(962)		(962)	.0	310		310	.0	
19.3,19.4 Commercial auto liability	15,887,365	9,429,965	25,317,330	.0	18,025,935	8,289,547	26,315,482	.0	
21. Auto physical damage	513,164	67,654	580,818	.0	288,910	109,103	398,013	.0	
22. Aircraft (all perils)				.0				.0	
23. Fidelity				.0	19,214		19,214	.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	30,008,513	9,525,119	39,533,632	0	37,415,997	8,398,650	45,814,647	0	0
DETAILS OF WRITE-INS									
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 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	9,116,404			9,116,404
1.2 Reinsurance assumed	1,848,697			1,848,697
1.3 Reinsurance ceded	10,965,101			10,965,101
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3)	0			0
2. Commission and brokerage:				
2.1 Direct excluding contingent		13,296,571		13,296,571
2.2 Reinsurance assumed excluding contingent		3,415,631		3,415,631
2.3 Reinsurance ceded excluding contingent		16,712,202		16,712,202
2.4 Contingent-direct				0
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		0
3. Allowances to managers and agents				0
4. Advertising				0
5. Boards, bureaus and associations				0
6. Surveys and underwriting reports				0
7. Audit of assureds' records				0
8. Salary and related items:				
8.1 Salaries				0
8.2 Payroll taxes				0
9. Employee relations and welfare				0
10. Insurance				0
11. Directors' fees				0
12. Travel and travel items				0
13. Rent and rent items				0
14. Equipment				0
15. Cost or depreciation of EDP equipment and software				0
16. Printing and stationery				0
17. Postage, telephone and telegraph, exchange and express				0
18. Legal and auditing			6,824	6,824
19. Totals (Lines 3 to 18)			6,824	6,824
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$0				0
20.2 Insurance department licenses and fees				0
20.3 Gross guaranty association assessments				0
20.4 All other (excluding federal and foreign income and real estate)				0
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)				0
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				0
25. Total expenses incurred			6,824	6,824 (a)
26. Less unpaid expenses - current year				0
27. Add unpaid expenses - prior year				0
28. Amounts receivable relating to uninsured accident and health plans, prior year				0
29. Amounts receivable relating to uninsured accident and health plans, current year				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)			6,824	6,824
DETAILS OF WRITE-INS				
2401.				
2402.				
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above)				

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

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 320,964	320,964
1.1 Bonds exempt from U.S. tax	(a) 34,875	39,354
1.2 Other bonds (unaffiliated)	(a) 337,566	330,638
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash/short-term investments	(e) 31,767	31,767
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	725,172	722,723
11. Investment expenses		(g) 6,824
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total (Lines 11 through 15)		6,824
17. Net Investment Income - (Line 10 minus Line 16)		715,899
DETAILS OF WRITE-INS		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)		
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		

- (a) Includes \$ 16,684 accrual of discount less \$ 38,457 amortization of premium and less \$ 6,155 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 6,824 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Net Gain (Loss) from Change in Difference Between Basis Book/ Adjusted Carrying and Admitted Values	5 Total
1. U.S. Government bonds					
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)	112,266				112,266
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash/Short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	112,266				112,266
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)					

EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) Decrease
1. Summary of Items Page 2, Lines 10 to 17 and 19 to 23, Column 2	0	0	0
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)	0	0	0
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

NONE

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying financial statements of 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.

The Ohio Insurance Department recognizes only statutory accounting practices prescribed or permitted by the State of Ohio for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Ohio Insurance Law. The National Association of Insurance Commissioners' (NAIC) Practices and Procedures Manual, version effective January 1, 2001, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Ohio.

There are no differences for the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Ohio.

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

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Premiums are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premium reserves 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.

Expenses incurred in connection with acquiring new business, including such acquisition costs as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

2. Accounting Changes and Corrections of Errors

A. Describe material changes in Accounting Principles and/or Correction of Errors.

Not Applicable.

B. Cumulative Effect of Changes in Accounting Principles as a Result of the Initial Implementation of Codification.

The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Ohio. Effective January 1, 2001, the State of Ohio required that insurance companies domiciled in the State of Ohio prepare their statutory basis financial statements in accordance with the NAIC Accounting and Practices and Procedures manual – Version effective January 1, 2001, subject to any deviations prescribed or permitted by the State of Ohio insurance commissioner.

Accounting changes adopted to conform to the provisions of the NAIC Accounting and Practices and Procedures manual – Version effective January 1, 2001, 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 capital and surplus at the beginning of the year and the amount of capital and 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 change of accounting principle as an adjustment that decreased unassigned funds (surplus), of (\$43,750) as of January 1, 2001.

3. Business Combinations and Goodwill

Not Applicable.

4. Discontinued Operations

Not Applicable.

5. Investments

A. – E. Not Applicable.

6. Joint Ventures, Partnerships and Limited Liability Companies

Not Applicable.

7. Investment Income

Not Applicable.

8. Derivative Instruments

Not Applicable.

NOTES TO FINANCIAL STATEMENTS

9. Federal Income Tax Allocation

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

	<u>12/31/2002</u>	<u>12/31/2001</u>
(1) Total of all deferred tax assets (admitted and nonadmitted)	309,299	348,014
(2) Total of all deferred tax liabilities	(207,750)	(196,865)
(3) Total deferred tax assets nonadmitted	(100,948)	(150,548)
(4) Increase(decrease) in deferred tax assets non admitted	(49,600)	150,548

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

N/A

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

	<u>12/31/2002</u>	<u>12/31/2001</u>
1. Current year expense	228,491	448,891
2. Tax credits	-	-
3. Prior year over/under accrual	-	-
4. Current income tax incurred	228,491	448,891

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. Intercompany Receivable	-	(459,754)	459,754	160,914
7. Accts Payable&Other Liabilities	-	-	-	-
8. Capital Gains	-	(415,368)	415,368	145,379
9. Total DTAs	(10,638,545)	(11,522,255)	883,710	309,299
10. DTAs nonadmitted	100,948	N/A	100,948	100,948

<u>DTLs</u>	<u>Statutory</u>	<u>Tax</u>	<u>Difference</u>	<u>Tax Effect</u>
11. Bonds	-	-	-	-
12. Other Invested Assets	-	-	-	-
13. Accts Payable&Other Liabilities	-	-	-	-
14. Accrued dividends	-	-	-	-
15. Total DTLs	-	(593,571)	(593,571)	(207,750)

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

<u>DTAs</u>	<u>12/31/2002</u>	<u>12/31/2001</u>	<u>Change</u>
16. Intercompany Receivable	160,914	160,914	(0)
17. Accts Payable&Other Liabilities	-	-	-
18. Capital Gains	145,379	184,094	(38,715)
19. Total DTAs	309,299	348,013	(38,715)
20. DTAs nonadmitted	100,948	150,548	(49,600)

<u>DTLs</u>	<u>12/31/2002</u>	<u>12/31/2001</u>	<u>Change</u>
21. Bonds	-	-	-
22. Other Invested Assets	-	(196,866)	196,866
23. Accts Payable&Other Liabilities	-	-	-
24. Accrued dividends	-	-	-
25. Total DTLs	(207,750)	(196,866)	(10,884)

NOTES TO FINANCIAL STATEMENTS

9. Federal Income Tax Allocation (continued)

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

	Amount	Tax Effect
1. Income before taxes	828,165	289,858
2. Tax-exempt interest, net	(33,622)	(11,768)
3. Dividends received deduction, net	-	-
4. Dividends received deduction, 100% owned subs	-	-
5. Loss reserve discounting	-	-
6. Unearned premium adjustment	-	-
7. Agents security compensation	-	-
8. Investment related transactions	(141,713)	(49,600)
9.	-	-
10. All other	1	0
11. Separate company taxable income	652,831	228,491
12. Consolidation		-
13. Reclass to deferred taxes		-
14. Prior year over/under accrual		-
15. Other		-
16. Tax		228,491

E.	Amount	Origination	Expiration
(1) Amount of operating loss carryforwards	N/A		
Amount of AMT 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	228,491
2001	-
2000	-

F.

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

401(k) INVESTMENT ADVISORS, INC.	NATIONWIDE AGRIBUSINESS INSURANCE COMPANY
401(k) INVESTMENT SERVICES, INC.	NATIONWIDE ASSURANCE COMPANY
AFFILIATE AGENCY INC.	NATIONWIDE CASH MANAGEMENT COMPANY
AFFILIATE AGENCY OF OHIO, INC.	NATIONWIDE CORPORATION
AGMC REINSURANCE, LTD.	NATIONWIDE AGENCY, INC.
AID FINANCE SERVICES, INC.	NATIONWIDE FINANCIAL ASSIGNMENT COMPANY
ALLIED DOCUMENT SOLUTIONS, INC.	NATIONWIDE FINANCIAL INSTITUTION DISTRIBUTORS AGENCY, INC.
ALLIED GENERAL AGENCY COMPANY	NATIONWIDE FINANCIAL INSTITUTION DISTRIBUTORS AGENCY, INC. OF MASSACHUSETTS.
ALLIED GROUP INSURANCE MARKETING COMPANY	NATIONWIDE FINANCIAL INSTITUTION DISTRIBUTORS AGENCY, INC. OF NEW MEXICO
ALLIED GROUP, INC.	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 DISTRIBUTORS
CALFARM INSURANCE AGENCY	NATIONWIDE INDEMNITY COMPANY
CALFARM INSURANCE COMPANY	NATIONWIDE INSURANCE COMPANY OF AMERICA
CORVIANT CORPORATION (FORMERLY VILLANOVA FINANCIAL GROUP, INC.)	NATIONWIDE INSURANCE COMPANY OF FLORIDA
DEPOSITORS INSURANCE COMPANY	NATIONWIDE INTERNATIONAL UNDERWRITERS
FINANCIAL HORIZONS DISTRIBUTORS AGENCY OF ALABAMA, INC.	NATIONWIDE INVESTMENT SERVICES CORPORATION
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 ASSET MANAGEMENT, INC.	NATIONWIDE MORTGAGE HOLDINGS, INC.
GARTMORE DISTRIBUTION SERVICES, INC. (FORMERLY VILLANOVA DISTRIBUTION SERVICES, INC.)	NATIONWIDE PROPERTY AND CASUALTY INSURANCE COMPANY
GARTMORE GLOBAL ASSET MANAGEMENT TRUST (FORMERLY VILLANOVA GLOBAL ASSET MANAGEMENT TRUST)	NATIONWIDE RETIREMENT PLAN SERVICES, INC. (FORMERLY IRVIN L. SWARTZ & ASSOCIATES)
	NATIONWIDE RETIREMENT SOLUTIONS, INC.

NOTES TO FINANCIAL STATEMENTS

GARTMORE GLOBAL ASSET MANAGEMENT, INC.	NATIONWIDE RETIREMENT SOLUTIONS, INC. OF ALABAMA
GARTMORE GLOBAL INVESTMENTS, INC. (FORMERLY VILLANOVA CAPITAL INC.)	NATIONWIDE RETIREMENT SOLUTIONS, INC. OF ARIZONA
GARTMORE GLOBAL VENTURES, INC.	NATIONWIDE RETIREMENT SOLUTIONS, INC. OF ARKANSAS
GARTMORE INVESTORS SERVICES, INC. (FORMERLY NATIONWIDE INVESTORS SERVICES, INC.)	NATIONWIDE RETIREMENT SOLUTIONS, INC. OF MASSACHUSETTS
GARTMORE MORLEY & ASSOCIATES, INC. (FORMERLY MORLEY & ASSOCIATES, INC.)	NATIONWIDE RETIREMENT SOLUTIONS, INC. OF MONTANA
GARTMORE MORLEY CAPITAL MANAGEMENT, INC. (FORMERLY MORLEY CAPITAL MANAGEMENT, INC.)	NATIONWIDE RETIREMENT SOLUTIONS, INC. OF NEVADA
GARTMORE MORLEY FINANCIAL SERVICES, INC. (FORMERLY MORLEY FINANCIAL SERVICES, INC.)	NATIONWIDE RETIREMENT SOLUTIONS, INC. OF NEW MEXICO
GARTMORE MUTUAL FUND CAPITAL TRUST (FORMERLY VILLANOVA MUTUAL FUND CAPITAL TRUST)	NATIONWIDE RETIREMENT SOLUTIONS, INC. OF OHIO
GARTMORE SA CAPITAL TRUST (FORMERLY VILLANOVA SA CAPITAL TRUST)	NATIONWIDE RETIREMENT SOLUTIONS, INC. OF OKLAHOMA
GARTMORE TRUST COMPANY (FORMERLY UNION BOND & TRUST COMPANY)	NATIONWIDE RETIREMENT SOLUTIONS, INC. OF SOUTH DAKOTA
GATES MCDONALD & COMPANY	NATIONWIDE RETIREMENT SOLUTIONS, INC. OF TEXAS
GATES MCDONALD & COMPANY OF NEVADA	NATIONWIDE RETIREMENT SOLUTIONS, INC. OF WYOMING
GATES MCDONALD & COMPANY OF NEW YORK	NATIONWIDE RETIREMENT SOLUTIONS INSURANCE AGENCY, INC.
GATES MCDONALD HEALTH PLUS, INC.	NATIONWIDE SECURITIES, INC. (FORMERLY NATIONWIDE ADVISORY SERVICES, INC.)
INSURANCE INTERMEDIARIES, INC.	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
MEDPRO SOLUTIONS, INC.	NEVADA INDEPENDENT COMPANIES - HOSPITALITY AND ENTERTAINMENT
NATIONAL CASUALTY COMPANY	NEVADA INDEPENDENT COMPANIES - MANUFACTURING, TRANSPORTATION, AND DISTRIBUTION
NATIONAL DEFERRED COMPENSATION, INC.	NFS DISTRIBUTORS, INC.
NATIONWIDE ADVANTAGE MORTGAGE COMPANY	PENSION ASSOCIATES, INC.
NATIONWIDE AFFINITY INSURANCE COMPANY OF AMERICA	PREMIER AGENCY, INC.
	RIVERVIEW AGENCY, INC.
	RIVERVIEW INTERNATIONAL GROUP, INC.
	SCOTTSDALE INDEMNITY COMPANY
	SCOTTSDALE INSURANCE COMPANY
	SCOTTSDALE SURPLUS LINES INSURANCE COMPANY
	THE 401(k) COMPANIES, INC.
	THE 401(k) COMPANY (FORMERLY INTERPLAN, INC.)
	WESTERN HERITAGE INSURANCE COMPANY

F. (2) The method of allocation among the companies is subject to the resolution approved by the Boards 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.

10. Information Concerning Parent, Subsidiaries, and Affiliates

- A. All outstanding shares of the Company are owned by Scottsdale Insurance Company, an insurance company domiciled in the State of Ohio.
- B. The Company and various of its affiliates have entered into an agreement with Nationwide Cash Management Company (NCCM), a subsidiary of the Parent, under which NCCM acts as common agent in handling the purchase and sale of short-term securities for the respective accounts of the participants, all of whom are members of the Nationwide Group. None of the securities held by NCCM are obligations of the participants.
- C. – E. Not Applicable.
- F. The Company shares certain management and administrative services with its parent.
- G. – J. Not Applicable.

11. Debt

Not Applicable.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Plans

A. – E. Not Applicable.

13. Capital and Surplus and Shareholder Dividend Restrictions

- (1) The Company has 100,000 shares authorized and 50,000 shares issued.
- (2) The Company has no preferred stock outstanding.
- (3) The maximum amount of dividends which can be paid to shareholders by State of Ohio insurance companies without prior approval of the Director of Insurance is limited to the greater of 10% of statutory surplus as of the preceding December 31, or net income for the previous calendar year. The maximum dividend pay-out which may be made without prior approval in 2002 is \$1,221,567. Dividends are paid as determined by the Board of Directors. No dividends were declared or paid in 2002.
- (4) – (12) None.

NOTES TO FINANCIAL STATEMENTS

14. Contingent Liabilities

- A. The Company has no known contingent liabilities which may materially affect the financial position or results of operation.
- B. The Company has committed no surplus funds to reserves for contingent liabilities.
- C. The Company has no legal proceedings which are beyond the ordinary course of business which could have a material financial effect.
- D. Not Applicable.

15. Leases

The Company does not have any material lease obligations at this time.

16. Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentration of Credit Risk

Not Applicable.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

Not Applicable.

18. Gain or Loss to the Reporting Entity from Uninsured Accident and Health Plans and the Uninsured Portion of Partially Insured Plans

Not Applicable.

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

The Company does not write any business through managing general agents or third party administrators.

20. Other Items

The Company elected to use rounding in reporting amounts in the statement.

21. Events Subsequent

Not Applicable.

22. Reinsurance

A. Unsecured Reinsurance Recoverables

Not Applicable.

B. Reinsurance Recoverable in Dispute

Not Applicable.

C. Reinsurance Assumed and Ceded (\$000)

a.

	Assumed Reinsurance Premium Reserve (1)	Assumed Reinsurance Commission Equity (2)	Ceded Reinsurance Premium Reserve (3)	Ceded Reinsurance Commission Equity (4)	Net Reinsurance Premium Reserve (5)	Net Reinsurance Commission Equity (6)
(i) Affiliates	-0-	-0-	31,702	6,152	(31,702)	(6,152)
(ii) All Other	-0-	-0-	-0-	-0-	-0-	-0-
(iii) Total	-0-	-0-	31,702	6,152	(31,702)	(6,152)
(iv) Direct Unearned Premium Reserve			31,702			

b. Additional or return commission, predicated on loss experience or on any other form of profit sharing arrangements in this annual statement as a result of existing contractual arrangements are accrued as follows:

	Direct Reinsurance	Assumed Reinsurance	Ceded Reinsurance	Net Reinsurance
Contingent Commission	\$0	\$0	\$0	\$0
Sliding Scale Adjustments	\$0	\$0	\$0	\$0
Other Profit Commission Arrangements	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0

22. Reinsurance (continued)

NOTES TO FINANCIAL STATEMENTS

D. Uncollectible Reinsurance

The Company did not write off any reinsurance balances in 2002.

E. Commutation of Ceded Reinsurance

The Company did not commute any reinsurance contract during 2002.

F. Retroactive Reinsurance

Not Applicable.

23. Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not Applicable.

24. Change in Incurred Losses and Loss Adjustment Expense

Not Applicable.

25. Intercompany Pooling Arrangements

Not Applicable.

26. Structured Settlements

A. - B. Not Applicable.

27. High Deductibles

Not Applicable.

28. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

Not Applicable.

29. Asbestos/Environmental Reserves

Not Applicable.

30. Subscriber Savings Accounts

Not Applicable.

31. Financial Guaranty Insurance Exposures

Not Applicable.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. Treasury securities	4,574,701	36.279	4,574,701	36.279
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	514,413	4.079	514,413	4.079
1.22 Issued by U.S. government sponsored agencies	501,244	3.975	501,244	3.975
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	541,046	4.291	541,046	4.291
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	159,244	1.263	159,244	1.263
1.43 Revenue and assessment obligations	505,665	4.010	505,665	4.010
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		0.000		0.000
1.513 Privately issued		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC	2,642,483	20.956	2,642,483	20.956
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		0.000		0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	1,199,750	9.514	1,199,750	9.514
2.2 Unaffiliated foreign securities		0.000		0.000
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		0.000		0.000
3.22 Unaffiliated		0.000		0.000
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		0.000	0	0.000
8. Cash and short-term investments	1,971,271	15.633	1,971,271	15.633
9. Other invested assets		0.000		0.000
10. Total invested assets	12,609,817	100.000	12,609,817	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? OH.....
- 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.11/12/2002
- 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).09/30/1998
- 3.4 By what department or departments? Ohio, California, Delaware
- 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 Name of Entity	2 NAIC Company Code	3 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;0.0
- 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 Nationality	2 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 West Nationwide Boulevard
 Columbus, Ohio 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?
 John D. Zicarelli, FCAS, MAAA, Actuary
 8877 N. Gainey Center Drive
 Scottsdale, AZ 85258.....
- 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?
 N/A.....
- 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 [X] No []
- 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 .. \$0
 - 14.12 To stockholders not officers ... \$0
 - 14.13 Trustees, supreme or grand (Fraternal only) \$0
 - 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 ... \$0
 - 14.22 To stockholders not officers \$0
 - 14.23 Trustees, supreme or grand (Fraternal only) \$0
 - 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 \$0
 - 15.22 Borrowed from others \$0
 - 15.23 Leased from others \$0
 - 15.24 Other \$0
- 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 \$0
 - 16.22 Amount paid as expenses \$0
 - 16.23 Other amounts paid \$0

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	100,000	50,000	60.000	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	\$	0
19.22	Subject to repurchase agreements	\$	0
19.23	Subject to reverse repurchase agreements	\$	0
19.24	Subject to dollar repurchase agreements	\$	0
19.25	Subject to reverse dollar repurchase agreements	\$	0
19.26	Pledged as collateral	\$	0
19.27	Placed under option agreements	\$	0
19.28	Letter stock or other securities restricted as to sale ...	\$	0
19.29	Other	\$	0

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
	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
.....
.....

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. \$0

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
Bank of New York.....	One 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 Name(s)	2 Location(s)	3 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 [X]

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 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 Central Registration Depository Number(s)	2 Name	3 Address
N/A	Nationwide Mutual - Members of the investment staff designated by the Chief Investment Officer as detailed in the Corporate Resolution.....	One Nationwide Plaza, Columbus, OH 43215-2220.....
109367.....	Gartmore SA Capital Trust.....	1200 River Road, Conshohocken, PA 19428.....

OTHER

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?..... \$.....0

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 Name	2 Amount Paid
.....	\$
.....	\$
.....	\$

24.1 Amount of payments for legal expenses, if any?..... \$.....0

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 Name	2 Amount Paid
.....	\$
.....	\$
.....	\$

25.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$0

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 Name	2 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 \$0
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$0
- 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. \$0
- 1.5 Indicate total incurred claims on all Medicare Supplement Insurance. \$0
- 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 \$0
- 2.22 Non-participating policies \$0
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? 0.0 %
- 3.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums? \$0
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 []
- 4.22 As a direct expense of the Exchange Yes [] No [] NA []
- 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 []
- 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?
 Such contracts are reinsured under a liability excess agreement
- 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 net exposure emanates from participation in the pool. The primary exposures to the pool are from windstorm events in the S.E. United States which would effect both personal and commercial lines. Models used in estimating probable maximum loss include Applied Research and Risk Management Solution's IRAS.
- 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 unreinsured 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: 0

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 [X] No [] NA []
- 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..... \$0
- 10.12 Unpaid underwriting expenses (including loss adjustment expenses)..... \$0
- 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..... \$0
- 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..... 0.0 %
- 10.42 To..... 0.0 %
- 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..... \$0
- 10.62 Collateral and other funds..... \$0
- 11.1 What amount of installment notes is owned and now held by the reporting entity?..... \$0
- 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?..... \$0
- 12.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation):..... \$0
- 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..... 0
- 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..... 0
- 14.13 Total book/adjusted carrying value..... \$0
- 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
Direct Losses
Incurred | 2
Direct Losses
Unpaid | 3
Direct Written
Premium | 4
Direct Premium
Unearned | 5
Direct Premium
Earned |
|-----------------------|--------------------------------|------------------------------|--------------------------------|---------------------------------|-------------------------------|
| 15.11 Home..... | \$0 | \$0 | \$0 | \$0 | \$0 |
| 15.12 Products..... | \$0 | \$0 | \$0 | \$0 | \$0 |
| 15.13 Automobile..... | \$0 | \$0 | \$0 | \$0 | \$0 |
| 15.14 Other*..... | \$0 | \$0 | \$0 | \$0 | \$0 |

* Disclose type of coverage:

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE SCOTTSDALE INDEMNITY COMPANY

FIVE-YEAR HISTORICAL DATA

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

	1 2002	2 2001	3 2000	4 1999	5 1998
Gross Premiums Written (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)	71,685,078	65,088,325	51,255,552	44,665,919	47,803,196
2. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	10,921,156	12,165,491	11,934,900	9,970,389	10,907,003
3. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	3,510,820	2,716,363	2,894,609	1,307,380	6,933,310
4. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	8,316	5,335	19,172	(9,400)	251,247
5. Non-proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	0	(41)	2,287
6. Total (Line 34)	86,125,370	79,975,514	66,104,233	55,934,247	65,897,043
Net Premiums Written (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	(2,109,296)	8,898,840
8. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	0	0	0	(1,216,234)	4,168,457
9. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	(1,698,465)	3,363,890
10. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	0	0	0	(25,388)	247,610
11. Non-proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	0	(41)	2,287
12. Total (Line 34)	0	0	0	(5,049,424)	16,681,084
Statement of Income (Page 4)					
13. Net Underwriting Gain (Loss) (Line 8)	0	0	0	0	(1,328,109)
14. Net Investment Gain (Loss) (Line 11)	828,165	748,768	800,540	1,352,175	2,199,217
15. Total Other Income (Line 15)	0	0	0	0	(33,874)
16. Dividends to Policyholders (Line 17)	0	0	0	0	153,912
17. Federal and Foreign Income Taxes Incurred (Line 19)	228,491	448,891	286,004	(1,078,392)	(349,921)
18. Net Income (Line 20)	599,674	299,877	514,536	2,430,567	1,033,243
Balance Sheet Lines (Pages 2 and 3)					
19. Total Admitted Assets excluding Protected Cell (Page 2, Line 26, Col. 3)	12,818,082	12,215,669	11,915,191	12,864,072	29,304,517
20. Agents' Balances or Uncollected Premiums (Page 2, Col. 3)					
20.1 In Course of Collection (Line 10.1)	0	0	0	0	82,492
20.2 Deferred and not yet due (Line 10.2)	0	0	0	0	1,654,838
20.3 Accrued Retrospective Premiums (Line 10.3)	0	0	0	0	1,726
21. Total Liabilities excluding Protected Cell (Page 3, Line 24)	2,739	0	2,250	1,465,667	19,542,669
22. Losses (Page 3, Lines 1 and 2)	0	0	0	0	10,140,342
23. Loss Adjustment Expenses (Page 3, Line 3)	0	0	0	0	2,464,818
24. Unearned premiums (Page 3, Line 9)	0	0	0	0	5,051,276
25. Capital Paid Up (Page 3, Lines 28 & 29)	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
26. Surplus as Regards Policyholders (Page 3, Line 35)	12,815,343	12,215,669	11,912,941	11,398,405	9,761,848
Risk-Based Capital Analysis					
27. Total Adjusted Capital	12,815,343	12,215,669	11,912,941	11,398,405	9,761,848
28. Authorized Control Level Risk-Based Capital	35,352	33,386	32,599	35,782	1,533,578
Percentage Distribution of Cash and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 9, Col. 3) x 100.0					
29. Bonds (Line 1)	84.4	87.3	85.3	76.0	86.9
30. Stocks (Lines 2.1 & 2.2)	0.0	0.0	0.0	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)	15.6	12.7	14.7	24.0	13.1
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
Investments in Parent, Subsidiaries and Affiliates					
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

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE SCOTTSDALE INDEMNITY COMPANY

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2002	2 2001	3 2000	4 1999	5 1998
Capital and Surplus Accounts (Page 4)					
46. Net Unrealized Capital Gains (Losses) (Line 23)	0	0	0	0	0
47. Dividends to Stockholders (Line 34)	0	0	0	(1,000,000)	0
48. Change in surplus as regards policyholders for the year (Line 37)	599,674	302,728	514,536	1,636,557	1,134,637
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
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)	38,019,797	36,128,572	33,930,148	35,446,491	33,018,514
50. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	5,460,037	8,822,676	8,078,080	6,309,611	5,558,572
51. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	1,231,690	1,989,968	1,202,412	3,266,102	3,296,574
52. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	0	0	0	22,648	825,189
53. Non-Proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	0	15,149	1,237,095
54. Total (Line 34)	44,711,524	46,941,216	43,210,640	45,060,001	43,935,944
Net Losses Paid (Page 9, Part 2, Col. 4)					
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	7,983,425	10,418,069
56. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	0	0	0	207,910	2,638,378
57. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	1,911,210	2,578,847
58. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	0	0	0	22,648	825,189
59. Non-Proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	0	15,149	1,237,095
60. Total (Line 34)	0	0	0	10,140,342	17,697,578
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
61. Premiums Earned (Line 1)	100.0	100.0	100.0	100.0	100.0
62. Losses Incurred (Line 2)	0.0	0.0	0.0	0.0	65.3
63. Loss Expenses Incurred (Line 3)	0.0	0.0	0.0	0.0	15.0
64. Other Underwriting Expenses Incurred (Line 4)	0.0	0.0	0.0	0.0	27.8
65. Net Underwriting gain (loss) (Line 8)	0.0	0.0	0.0	0.0	(8.0)
Other Percentages					
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)	0.0	0.0	0.0	0.0	27.9
67. Losses and Loss Expenses Incurred to Premiums Earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	0.0	0.0	0.0	0.0	80.3
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)	0.0	0.0	0.0	(44.3)	170.9
One Year Loss Development (000 omitted)					
69. Development in Estimated Losses and Loss Expenses Incurred Prior to Current Year (Schedule P - Part 2 - Summary, Line 12, Col. 11)	0	(583)	0	(494)	(366)
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)	0.0	(4.9)	0.0	(5.1)	(4.2)
Two Year Loss Development (000 omitted)					
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)	0	(582)	(494)	(835)	(517)
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)	0.0	(5.1)	(5.1)	(9.7)	(6.3)

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE SCOTTSDALE INDEMNITY COMPANY

SCHEDULE D - SUMMARY BY COUNTRY

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

Description	1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS				
Governments (Including all obligations guaranteed by governments)	1. United States 5,089,114 2. Canada 0 3. Other Countries 0 4. Totals 5,089,114	5,441,410 0 0 5,441,410	5,188,753 0 0 5,188,753	5,000,000 0 0 5,000,000
States, Territories and Possessions (Direct and guaranteed)	5. United States 541,046 6. Canada 0 7. Other Countries 0 8. Totals 541,046	541,046 0 0 541,046	541,500 0 0 541,500	500,000 0 0 500,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States 159,244 10. Canada 0 11. Other Countries 0 12. Totals 159,244	159,244 0 0 159,244	159,192 0 0 159,192	160,000 0 0 160,000
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States 3,148,148 14. Canada 0 15. Other Countries 0 16. Totals 3,148,148	3,148,148 0 0 3,148,148	3,136,172 0 0 3,136,172	3,132,094 0 0 3,132,094
Public Utilities (unaffiliated)	17. United States 0 18. Canada 0 19. Other Countries 0 20. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States 1,700,994 22. Canada 0 23. Other Countries 0 24. Totals 1,700,994	1,700,994 0 0 1,700,994	1,691,994 0 0 1,691,994	1,700,000 0 0 1,700,000
Parent, Subsidiaries and Affiliates	25. Totals 0 26. Total Bonds 10,638,546	0 10,990,842	0 10,717,611	0 10,492,094
PREFERRED STOCKS				
Public Utilities (unaffiliated)	27. United States 0 28. Canada 0 29. Other Countries 0 30. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Banks, Trust and Insurance Companies (unaffiliated)	31. United States 0 32. Canada 0 33. Other Countries 0 34. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Industrial and Miscellaneous (unaffiliated)	35. United States 0 36. Canada 0 37. Other Countries 0 38. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Parent, Subsidiaries and Affiliates	39. Totals 0 40. Total Preferred Stocks 0	0 0	0 0	0 0
COMMON STOCKS				
Public Utilities (unaffiliated)	41. United States 0 42. Canada 0 43. Other Countries 0 44. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Banks, Trust and Insurance Companies (unaffiliated)	45. United States 0 46. Canada 0 47. Other Countries 0 48. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Industrial and Miscellaneous (unaffiliated)	49. United States 0 50. Canada 0 51. Other Countries 0 52. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Parent, Subsidiaries and Affiliates	53. Totals 0 54. Total Common Stocks 0 55. Total Stocks 0 56. Total Bonds and Stocks 10,638,546	0 0 0 10,990,842	0 0 0 10,717,611	0 0 0 10,492,094

(a) The aggregate value of bonds which are valued at other than actual fair value is \$ 5,549,432 .

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year 10,426,645	6. Foreign Exchange Adjustment:
2. Cost of bonds and stocks acquired, Column 6, Part 3 1,348,350	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 (21,937)	6.3 Column 11, Part 2, Sec. 2 0
3.2 Column 12, Part 2, Sec. 1 0	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 10,638,546
3.4 Column 10, Part 4 164 (21,773)	8. Total valuation allowance 0
4. Total gain (loss), Col. 14, Part 4 112,266	9. Subtotal (Lines 7 plus 8) 10,638,546
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4 1,226,942	10. Total nonadmitted amounts 0
	11. Statement value of bonds and stocks, current period 10,638,546

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE SCOTTSDALE INDEMNITY COMPANY

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 Number of Claims Reported - Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX	(193)	(193)	10	10	0	0	0	0	XXX
2. 1993	16,141	16,141	0	2,730	3,402	417	442	(51)	0	183	(748)	XXX
3. 1994	17,706	3,297	14,409	11,248	1,593	951	243	1,276	2	356	11,637	XXX
4. 1995	18,382	3,321	15,061	11,706	2,006	1,122	458	1,440	5	361	11,799	XXX
5. 1996	18,631	2,748	15,883	16,622	5,343	1,697	1,003	1,773	69	371	13,676	XXX
6. 1997	18,789	2,685	16,104	25,531	15,350	3,338	2,612	1,915	234	364	12,588	XXX
7. 1998	19,287	2,610	16,677	34,348	23,051	5,189	4,517	2,831	1,179	239	13,623	XXX
8. 1999	58,551	58,551	0	47,184	47,184	5,934	5,934	2,933	2,933	0	0	XXX
9. 2000	62,723	62,723	0	46,171	46,171	3,850	3,850	2,782	2,782	0	0	XXX
10. 2001	71,967	71,967	0	23,763	23,763	1,722	1,722	1,752	1,752	0	0	XXX
11. 2002	88,028	88,028	0	9,874	9,874	185	185	706	706	0	0	XXX
12. Totals	XXX	XXX	XXX	228,985	177,544	24,415	20,976	17,357	9,662	1,874	62,575	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding - Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1.	348	348	1,034	1,034	60	60	0	0	0	0	0	0	XXX
2.	(78)	(78)	122	122	7	7	0	0	0	0	0	0	XXX
3.	25	25	31	31	6	6	1	1	0	0	0	0	XXX
4.	40	40	181	181	7	7	6	6	2	2	0	0	XXX
5.	5	5	94	94	65	65	3	3	2	2	0	0	XXX
6.	0	0	394	394	13	13	(302)	(302)	(2)	(2)	0	0	XXX
7.	1,076	1,076	404	404	238	238	312	312	58	58	0	0	XXX
8.	2,982	2,982	1,084	1,084	616	616	1,139	1,139	168	168	0	0	XXX
9.	11,233	11,233	88	88	2,849	2,849	1,611	1,611	520	520	0	0	XXX
10.	11,733	11,733	7,582	7,582	1,498	1,498	1,623	1,623	399	399	0	0	XXX
11.	12,170	12,170	34,800	34,800	913	913	7,794	7,794	2,001	2,001	0	0	XXX
12. Totals	39,534	39,534	45,815	45,815	6,272	6,272	12,187	12,187	3,148	3,148	0	0	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	0	0
2.	3,146	3,894	(748)	19.5	24.1	0.0	0	0	0	0	0
3.	13,538	1,901	11,637	76.5	57.7	80.8	0	0	0	0	0
4.	14,503	2,704	11,799	78.9	81.4	78.3	0	0	0	0	0
5.	20,262	6,585	13,676	108.8	239.7	86.1	0	0	0	0	0
6.	30,887	18,299	12,588	164.4	681.6	78.2	0	0	0	0	0
7.	44,457	30,834	13,623	230.5	1,181.6	81.7	0	0	0	0	0
8.	62,039	62,039	0	106.0	106.0	0.0	0	0	0	0	0
9.	69,105	69,105	0	110.2	110.2	0.0	0	0	0	0	0
10.	50,072	50,072	0	69.6	69.6	0.0	0	0	0	0	0
11.	68,444	68,444	0	77.8	77.8	0.0	0	0	0	0	0
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	0	0

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.

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE SCOTTSDALE INDEMNITY COMPANY

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	540	1,937	2,013	2,263	1,870	1,495	1,495	1,495	1,495	0	0
2. 1993	0	(307)	(528)	(590)	(662)	(682)	(697)	(697)	(697)	(697)	0	0
3. 1994	XXX	10,677	10,513	10,405	10,383	10,379	10,363	10,363	10,363	10,363	0	0
4. 1995	XXX	XXX	10,591	10,548	10,366	10,382	10,364	10,364	10,364	10,364	0	0
5. 1996	XXX	XXX	XXX	12,083	11,897	11,993	11,972	11,972	11,972	11,972	0	0
6. 1997	XXX	XXX	XXX	XXX	10,992	10,931	10,907	10,907	10,907	10,907	0	0
7. 1998	XXX	XXX	XXX	XXX	XXX	11,995	11,970	11,970	11,970	11,970	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	0	0	0	0	0
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	XXX
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	XXX	XXX
12. Totals											0	0

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	(8,699)	(6,635)	(6,142)	(5,010)	117	1,495	1,495	1,495	1,495	XXX	XXX
2. 1993	0	(3,975)	(2,871)	(2,138)	(1,700)	(1,093)	(697)	(697)	(697)	(697)	XXX	XXX
3. 1994	XXX	4,889	7,105	8,177	8,936	9,750	10,363	10,363	10,363	10,363	XXX	XXX
4. 1995	XXX	XXX	5,039	7,427	8,377	9,487	10,364	10,364	10,364	10,364	XXX	XXX
5. 1996	XXX	XXX	XXX	6,511	8,880	10,473	11,972	11,972	11,972	11,972	XXX	XXX
6. 1997	XXX	XXX	XXX	XXX	5,503	8,539	10,907	10,907	10,907	10,907	XXX	XXX
7. 1998	XXX	XXX	XXX	XXX	XXX	7,468	11,970	11,970	11,970	11,970	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	0	0	0	XXX	XXX
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	XXX
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	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	3,958	4,128	4,265	3,956	489	0	0	0	0
2. 1993	0	1,998	1,160	722	462	158	0	0	0	0
3. 1994	XXX	3,435	1,714	1,028	609	223	0	0	0	0
4. 1995	XXX	XXX	3,256	1,587	939	341	0	0	0	0
5. 1996	XXX	XXX	XXX	3,267	1,533	680	0	0	0	0
6. 1997	XXX	XXX	XXX	XXX	3,253	1,231	0	0	0	0
7. 1998	XXX	XXX	XXX	XXX	XXX	2,566	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	0	0	0
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE SCOTTSDALE INDEMNITY COMPANY

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, etc.	1 Is Insurer Licensed? (Yes or No)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	Yes	281,174	317,474	0	789,427	(1,387,381)	590,872	0
2. Alaska	AK	Yes	(2,076)	8,216	0	5,710	(46,019)	11,128	0
3. Arizona	AZ	No	7,893,275	6,764,933	0	2,873,619	4,272,005	5,043,818	0
4. Arkansas	AR	Yes	47,087	44,596	0	0	20,118	24,943	0
5. California	CA	Yes	38,690,087	42,806,924	0	21,364,698	26,925,960	41,306,275	0
6. Colorado	CO	Yes	409,888	622,559	0	394,826	320,741	713,695	0
7. Connecticut	CT	No	0	0	0	0	0	0	0
8. Delaware	DE	No	3,576,261	2,953,051	0	1,836,390	2,240,373	1,403,716	0
9. District of Columbia	DC	Yes	0	0	0	0	(34)	11	0
10. Florida	FL	Yes	80,645	103,867	0	0	41,545	5,337	0
11. Georgia	GA	Yes	61,359	15,980	0	0	4,915	4,420	0
12. Hawaii	HI	Yes	0	0	0	0	0	0	0
13. Idaho	ID	Yes	11,098	23,265	0	8,366	(13,638)	12,358	0
14. Illinois	IL	Yes	1,665,856	1,205,630	0	221,219	495,496	732,828	0
15. Indiana	IN	Yes	2,059,509	1,937,199	0	747,875	720,279	1,990,234	0
16. Iowa	IA	Yes	149,609	123,833	0	19,572	65,197	43,208	0
17. Kansas	KS	Yes	225,276	213,402	0	95,724	164,224	542,354	0
18. Kentucky	KY	Yes	216,874	181,237	0	7,029	14,591	103,385	0
19. Louisiana	LA	Yes	0	0	0	43,972	(146,908)	133,728	0
20. Maine	ME	Yes	0	0	0	0	0	0	0
21. Maryland	MD	Yes	473,124	671,679	0	262,411	(26,890)	470,831	0
22. Massachusetts	MA	No	0	0	0	0	0	0	0
23. Michigan	MI	Yes	190,055	191,179	0	23,500	82,044	85,325	0
24. Minnesota	MN	Yes	265,011	265,367	0	260,237	315,202	308,324	0
25. Mississippi	MS	Yes	0	0	0	0	0	0	0
26. Missouri	MO	Yes	466,087	558,939	0	125,952	288,810	217,853	0
27. Montana	MT	Yes	91,817	99,754	0	9,591	30,194	39,159	0
28. Nebraska	NE	Yes	543,032	501,702	0	9,459	238,530	378,071	0
29. Nevada	NV	Yes	84,629	64,523	0	5,226	27,749	26,200	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	Yes	1,702,101	1,518,194	0	2,735,266	3,088,465	1,923,524	0
33. New York	NY	Yes	1,569,379	1,534,445	0	350,928	1,061,799	2,040,072	0
34. North Carolina	NC	Yes	598,954	630,724	0	71,996	148,756	708,203	0
35. North Dakota	ND	Yes	3,780	2,362	0	1,100	2,064	967	0
36. Ohio	OH	Yes	1,999,070	1,772,846	0	893,305	817,212	1,418,228	0
37. Oklahoma	OK	No	0	0	0	0	0	0	0
38. Oregon	OR	Yes	83,091	103,961	0	22,396	19,075	47,412	0
39. Pennsylvania	PA	Yes	5,787	79,987	0	1,434	27,092	5,596	0
40. Rhode Island	RI	Yes	21,092	24,804	0	39,040	(23,006)	23,827	0
41. South Carolina	SC	Yes	45,186	102,586	0	0	17,968	37,683	0
42. South Dakota	SD	Yes	147,975	120,594	0	0	32,643	29,492	0
43. Tennessee	TN	Yes	310,735	173,795	0	249,695	(5,284)	99,011	0
44. Texas	TX	Yes	1,044,646	964,636	0	(48,166)	475,268	1,535,480	0
45. Utah	UT	Yes	756,295	919,934	0	626,278	2,235,678	2,693,165	0
46. Vermont	VT	Yes	37,234	96,516	0	1,892,846	1,151,660	486,300	0
47. Virginia	VA	Yes	128,162	142,328	0	0	22,183	20,034	0
48. Washington	WA	Yes	74,222	138,390	0	47,075	67,919	106,679	0
49. West Virginia	WV	Yes	1,357,725	1,815,693	0	1,176,191	1,801,193	1,950,553	0
50. Wisconsin	WI	Yes	83,438	135,201	0	21,991	32,959	29,111	0
51. Wyoming	WY	Yes	31,661	18,536	0	22,409	70,134	81,100	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) 44		67,480,210	69,970,841	0	37,208,587	45,690,881	67,424,510	0
DETAILS OF WRITE-INS									
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.

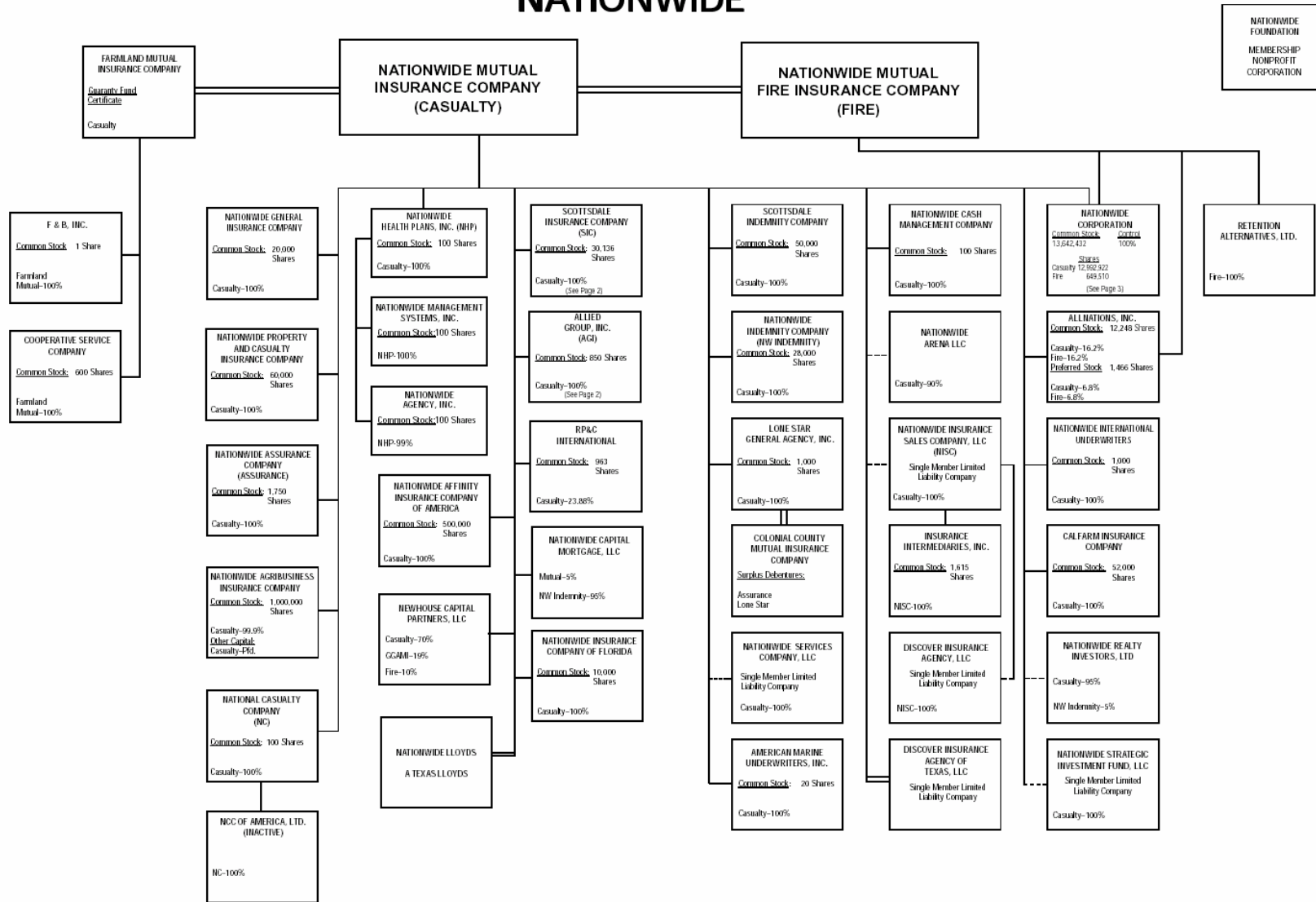
Explanation of basis of allocation of premiums by states, etc.
According to location of risk.

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

<u>Company</u>	<u>NAIC Number</u>	<u>State of Domicile</u>	<u>F.E.I.D. #</u>
Allied Property and Casualty Insurance Company	42579	IA	42-1201931
AMCO Insurance Company	19100	IA	42-6054959
CalFarm Insurance Company	18961	CA	68-0066866
Colonial County Mutual Insurance Company	29262	TX	74-1061659
Depositors Insurance Company	42587	IA	42-1207150
Farmland Mutual Insurance Company	13838	IA	42-0618271
National Casualty Company	11991	WI	38-0865250
Nationwide Affinity Insurance Company of America	26093	KS	48-0470690
Nationwide Agribusiness Insurance Company	28223	IA	42-1015537
Nationwide Assurance Company	10723	WI	95-0639970
Nationwide General Insurance Company	23760	OH	31-4425763
Nationwide Health Plans Inc	95194	OH	31-1125592
Nationwide Indemnity Company	10070	OH	31-1399201
Nationwide Insurance Company of America	25453	WI	95-2130882
Nationwide Insurance Company of Florida	10948	OH	31-1613686
Nationwide Life and Annuity Insurance Company	92657	OH	31-1000740
Nationwide Life and Annuity Insurance Company of America	70750	DE	23-1619082
Nationwide Life Insurance Company	66869	OH	31-4156830
Nationwide Life Insurance Company of America	68225	PA	23-0990450
Nationwide Life Insurance Company of Delaware	79570	DE	51-0329526
Nationwide Lloyds	42110	TX	75-1780981
Nationwide Mutual Fire Insurance Company	23779	OH	31-4177110
Nationwide Mutual Insurance Company	23787	OH	31-4177100
Nationwide Property & Casualty Insurance Company	37877	OH	31-0970750
Scottsdale Indemnity Company	15580	OH	31-1117969
Scottsdale Insurance Company	41297	OH	31-1024978
Scottsdale Surplus Lines Insurance Company	10672	AZ	86-0835870
Western Heritage Insurance Company	37150	AZ	86-0561941

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

NATIONWIDE®



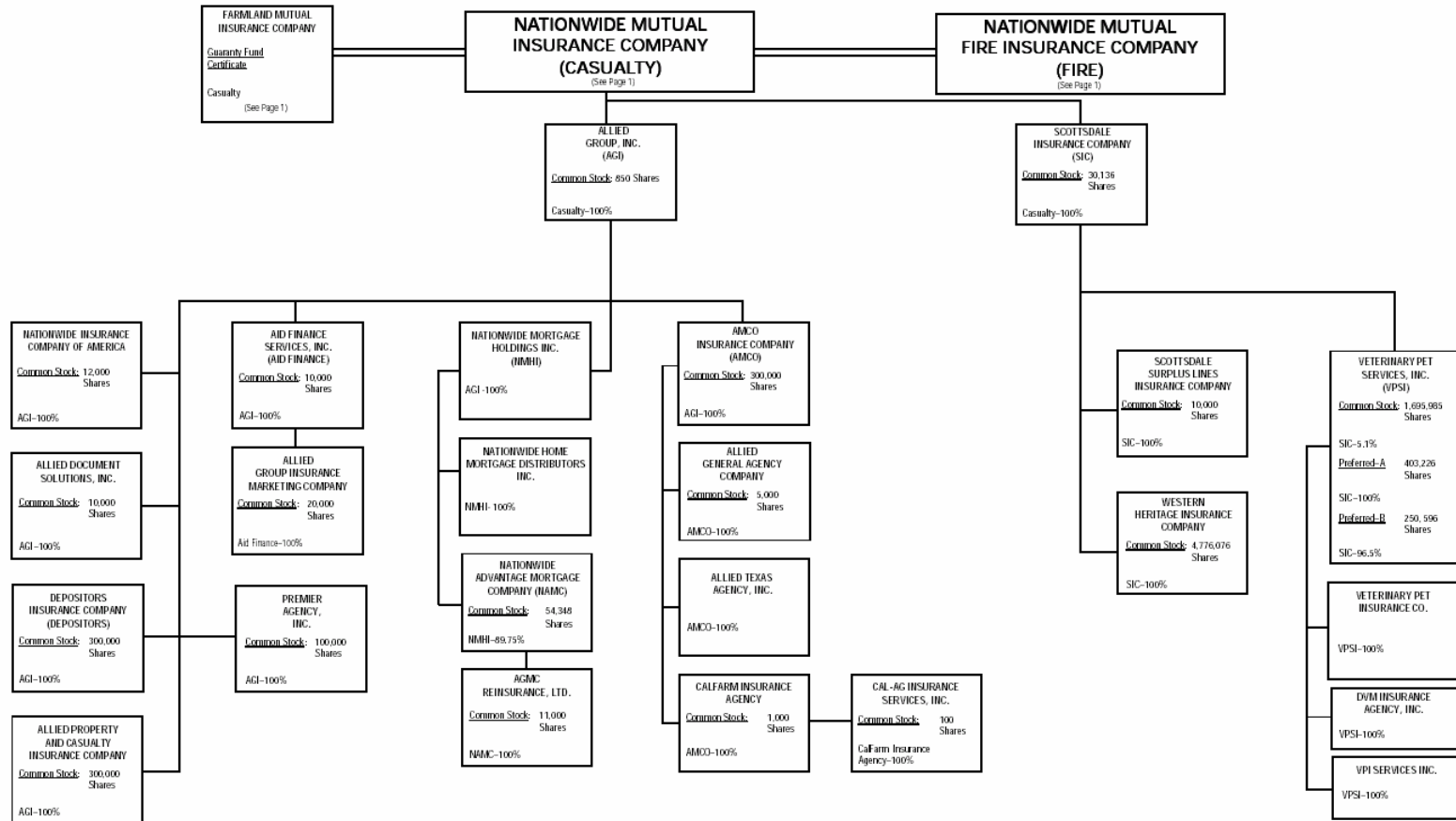
Subsidiary Companies — Solid Line
 Contractual Association — Double Line
 Limited Liability Company — Dotted Line

December 31, 2002

109.1

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

NATIONWIDE*



109.2

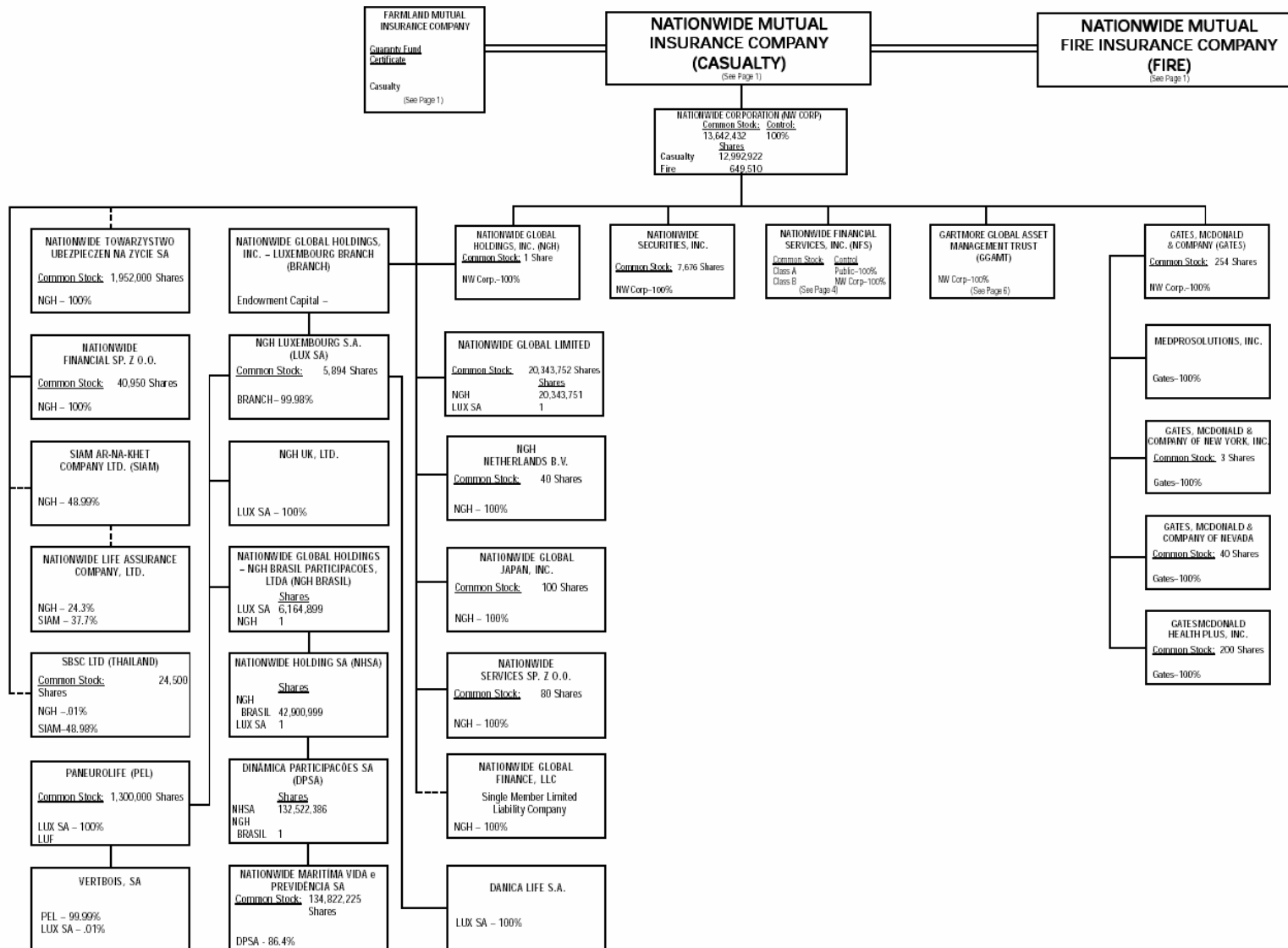
Subsidiary Companies — Solid Line
 Contractual Association — Double Line
 Limited Liability Company — Dotted Line

December 31, 2002

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

PART 1 - ORGANIZATIONAL CHART

NATIONWIDE®

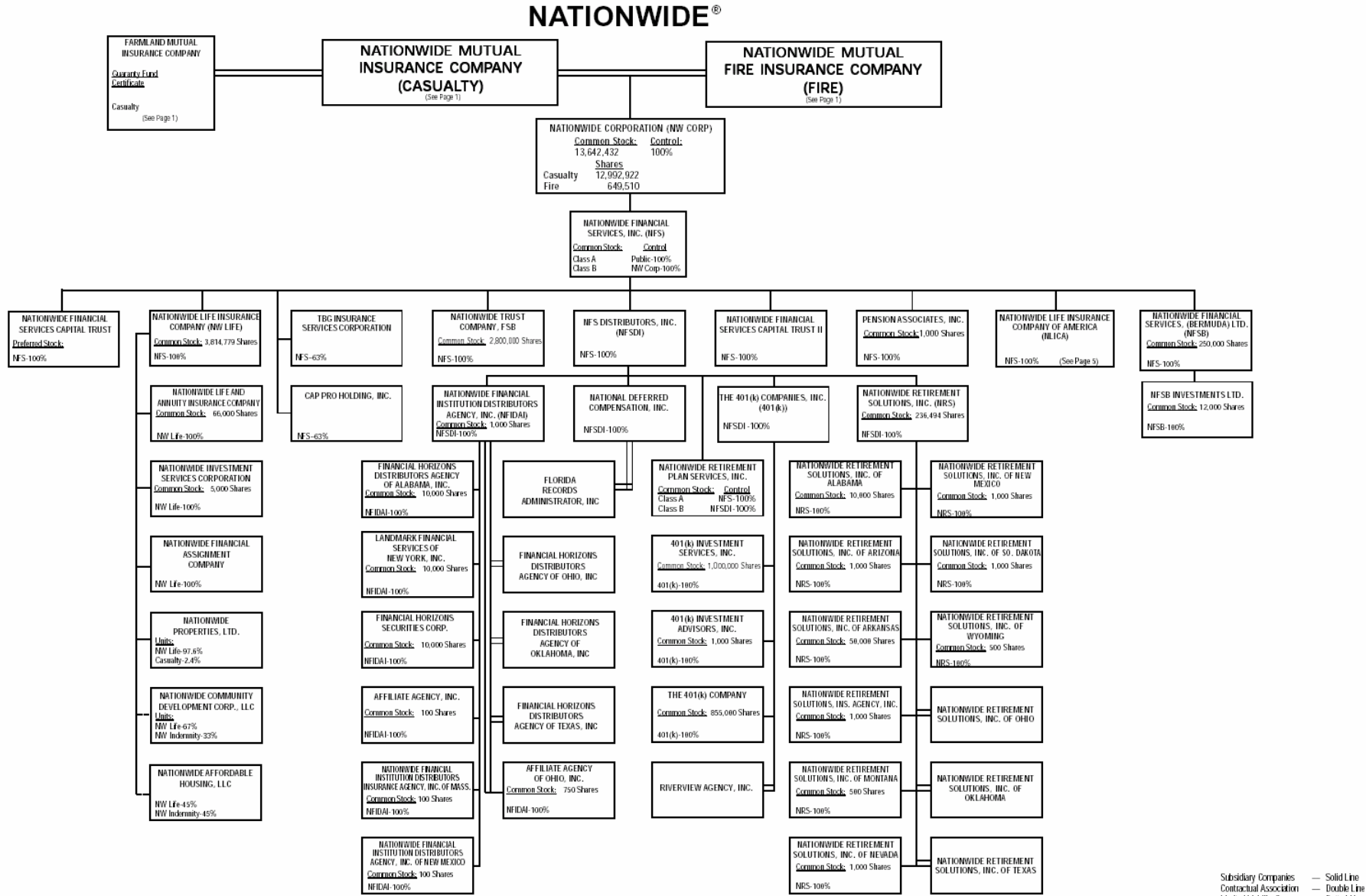


Subsidiary Companies — Solid Line
 Contractual Association — Double Line
 Limited Liability Company — Dotted Line

December 31, 2002

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

PART 1 - ORGANIZATIONAL CHART

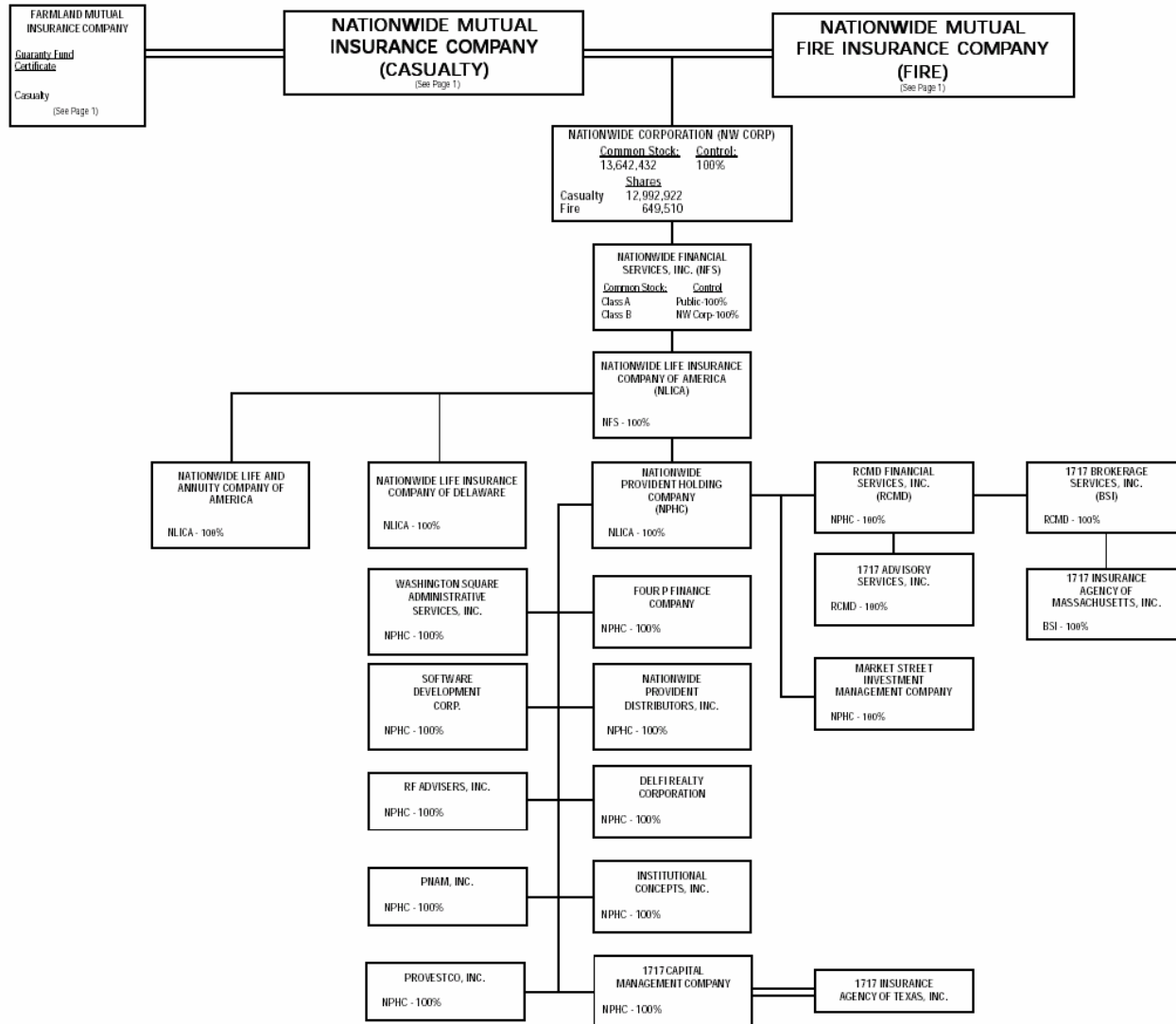


Subsidiary Companies — Solid Line
Contractual Association — Double Line
Limited Liability Company — Dotted Line

109.4

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

NATIONWIDE®

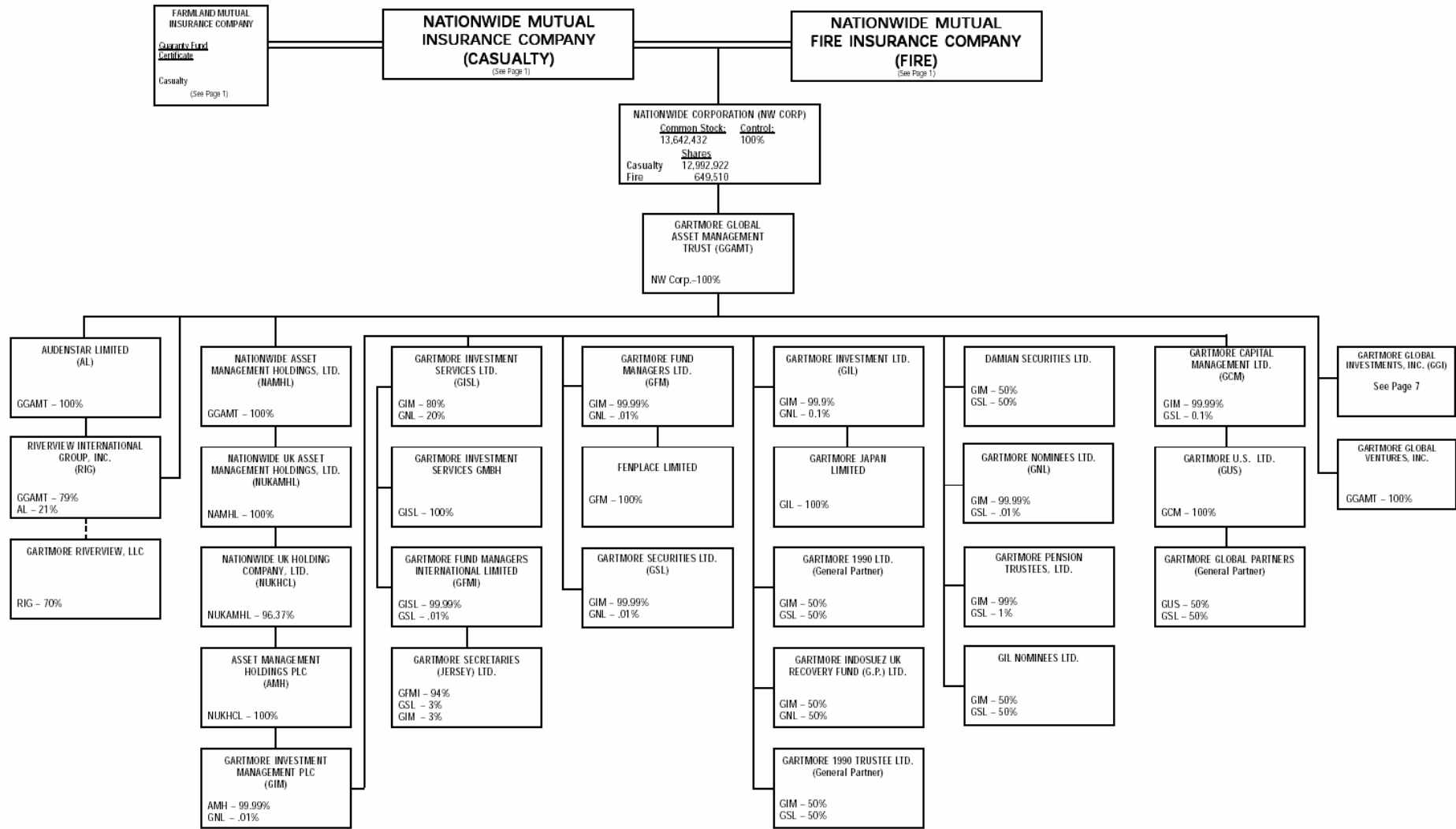


109.5

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

NATIONWIDE®



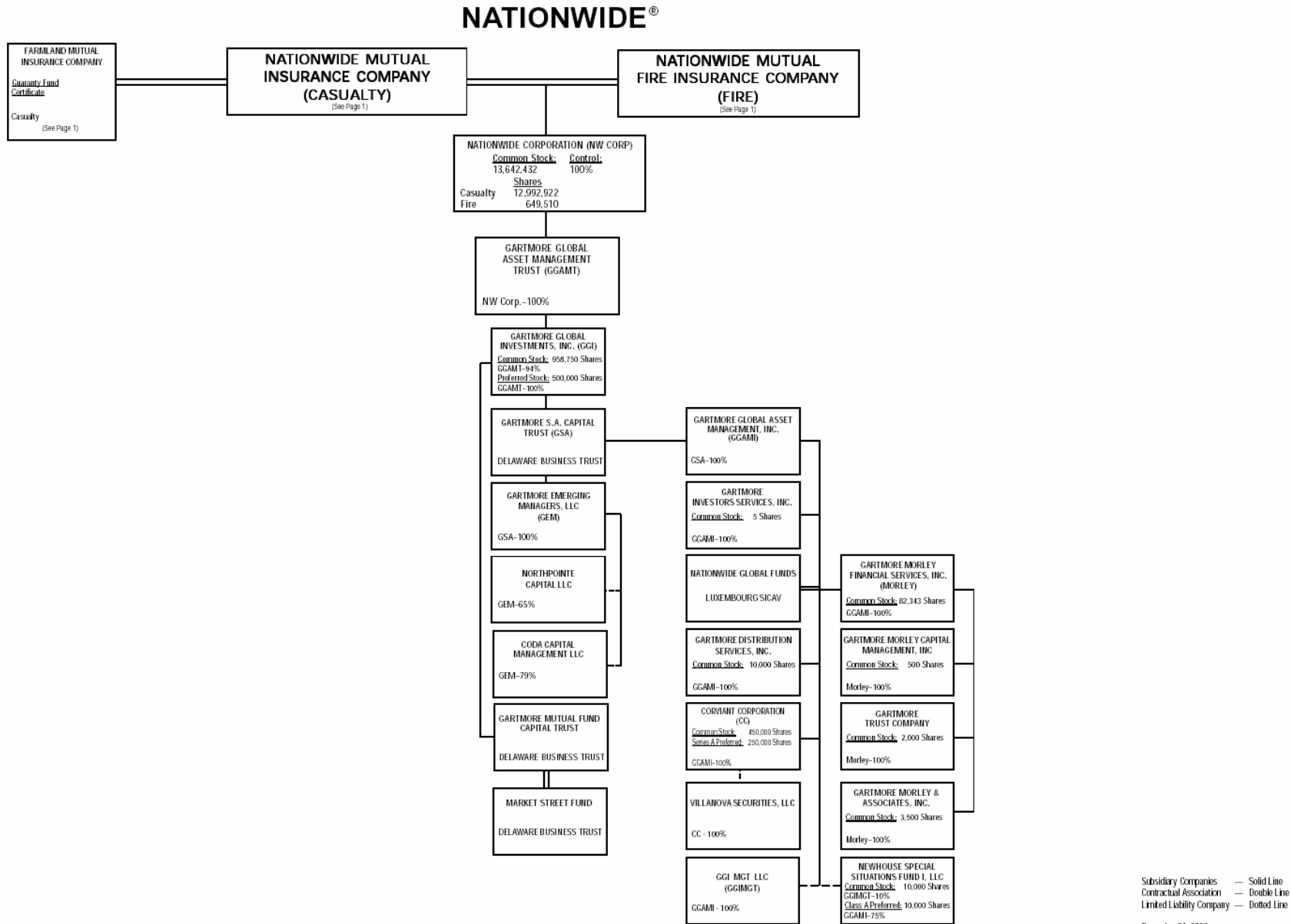
109.6

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

December 31, 2002

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE SCOTTSDALE INDEMNITY COMPANY

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



109.7