



ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2002

OF THE CONDITION AND AFFAIRS OF THE

SCOTTSDALE INSURANCE COMPANY

NAIC Group Code 0140 0140 NAIC Company Code 41297 Employer's ID Number 31-1024978
(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 January 4, 1982 Commenced Business July 1, 1982

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)
sheedym@scottsdaleins.com 480-368-5856
(E-mail Address) (Fax Number)

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>Robert Allen Rosholt</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>Judy Lee Howard</u>	<u>William Gerald Jurgensen</u>
<u>Lydia Micheaux Marshall</u>	<u>David Owen Miller</u>	<u>Michael Dean Miller</u>
<u>Ralph McDaniel Paige</u>	<u>Roger Max Williamson</u>	

State of Arizona }
County of Maricopa } 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
President

Randall Lee Orr
Assistant Secretary

Judy Lee Howard
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 INSURANCE COMPANY

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds	644,791,583		644,791,583	559,256,316
2. Stocks:				
2.1 Preferred stocks (Schedule D, Part 2, Section 1)	3,392,761		3,392,761	1,794,583
2.2 Common stocks (Schedule D, Part 2, Section 2)	76,275,731		76,275,731	72,541,182
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	6,502,188		6,502,188	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$0 encumbrances)	232,796		232,796	241,609
4.2 Properties held for the production of income (less \$0 encumbrances)			0	0
4.3 Properties held for sale (less \$0 encumbrances)			0	0
5. Cash (\$30,594,440 Schedule E, Part 1) and short-term investments(\$38,011,584 Schedule DA, Part 2)	68,606,024		68,606,024	25,463,146
6. Other invested assets (Schedule BA)	0		0	0
7. Receivable for securities	52,126		52,126	56,411
8. Aggregate write-ins for invested assets	0	0	0	0
9. Subtotals, cash and invested assets (Lines 1 to 8)	799,853,209	0	799,853,209	659,353,247
10. Agents' balances or uncollected premiums:				
10.1 Premiums and agents' balances in course of collection	17,076,376	1,816,774	15,259,602	12,512,606
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (Including \$0 earned but unbilled premiums)	65,952,268	478,875	65,473,393	57,189,612
10.3 Accrued retrospective premiums			0	0
11. Funds held by or deposited with reinsured companies			0	0
12. Bills receivable, taken for premiums			0	0
13. Amounts receivable under high deductible policies			0	0
14. Reinsurance recoverables on loss and loss adjustment expense payments (Schedule F, Part 3, Cols. 7 and 8)	238,806,930		238,806,930	60,685,912
15. Federal and foreign income tax recoverable and interest thereon (including \$16,155,417 net deferred tax asset)	14,429,503		14,429,503	23,885,096
16. Guaranty funds receivable or on deposit	1,198,666		1,198,666	901,118
17. Electronic data processing equipment and software	5,728,227		5,728,227	3,097,108
18. Interest, dividends and real estate income due and accrued	8,824,193		8,824,193	7,574,731
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Receivable from parent, subsidiaries and affiliates	5,751,870		5,751,870	0
21. Amount due from/to protected cells			0	0
22. Equities and deposits in pools and associations			0	0
23. Amounts receivable relating to uninsured accident and health plans			0	0
24. Other assets nonadmitted (Exhibit 1)	11,723,320	11,723,320	0	0
25. Aggregate write-ins for other than invested assets	128,811,096	10,481,677	118,329,419	10,878,980
26. Total assets excluding protected cell assets (Lines 9 through 25)	1,298,155,658	24,500,646	1,273,655,012	836,078,410
27. Protected cell assets			0	
28. TOTALS (Lines 26 and 27)	1,298,155,658	24,500,646	1,273,655,012	836,078,410
DETAILS OF WRITE-INS				
0801.				
0802.				
0803.				
0898. Summary of remaining write-ins for Line 8 from overflow page	0	0	0	0
0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above)	0	0	0	0
2501. Fair Plan Receivable	443,769		443,769	477,104
2502. Deposits	320,881	320,881	0	0
2503. Premium Escrow Fund	8,356,982		8,356,982	7,483,142
2598. Summary of remaining write-ins for Line 25 from overflow page	119,689,464	10,160,796	109,528,668	2,918,734
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	128,811,096	10,481,677	118,329,419	10,878,980

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE SCOTTSDALE INSURANCE COMPANY

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)	236,488,283	244,237,635
2. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 6)	81,309,384	0
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)	51,676,298	52,920,437
4. Commissions payable, contingent commissions and other similar charges	7,559,567	6,152,225
5. Other expenses (excluding taxes, licenses and fees)	4,928,799	4,736,809
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	4,529,871	4,602,892
7. Federal and foreign income taxes (including \$ 774,926 on realized capital gains (losses)) (including \$ 0 net deferred tax liability)		0
8. Borrowed money \$ 0 and interest thereon \$ 0		0
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 637,664,493 and including warranty reserves of \$ 540,378)	164,678,989	144,844,870
10. Advance premiums		
11. Dividends declared and unpaid:		
11.1 Stockholders		0
11.2 Policyholders	162,280	96,137
12. Ceded reinsurance premiums payable (net of ceding commissions)	374,094,603	43,663,779
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		0
14. Amounts withheld or retained by company for account of others	8,752,722	6,768,160
15. Remittances and items not allocated		0
16. Provision for reinsurance (Schedule F, Part 7)	3,935,654	5,840,921
17. Net adjustments in assets and liabilities due to foreign exchange rates		0
18. Drafts outstanding	40,775,965	46,379,209
19. Payable to parent, subsidiaries and affiliates		10,891,239
20. Payable for securities		0
21. Liability for amounts held under uninsured accident and health plans		0
22. Capital Notes \$ 0 and interest thereon \$ 0		0
23. Aggregate write-ins for liabilities	11,376,838	7,709,252
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	990,269,253	578,843,565
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	990,269,253	578,843,565
27. Aggregate write-ins for special surplus funds	0	0
28. Common capital stock	6,027,200	6,027,200
29. Preferred capital stock		0
30. Aggregate write-ins for other than special surplus funds	0	0
31. Surplus notes		0
32. Gross paid in and contributed surplus	143,973,300	143,973,300
33. Unassigned funds (surplus)	133,385,259	107,234,345
34. Less treasury stock, at cost:		
34.1 0 shares common (value included in Line 28 \$ 0)		0
34.2 0 shares preferred (value included in Line 29 \$ 0)		0
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 38)	283,385,759	257,234,845
36. TOTALS (Page 2, Line 28, Col. 3)	1,273,655,012	836,078,410
DETAILS OF WRITE-INS		
2301. Loss Based Assessment	233,890	175,480
2302. Contingent Suits	10,421,971	6,580,152
2303. Premium Escrow Fund Reserve	720,977	953,620
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	11,376,838	7,709,252
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	0	0
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above)	0	0

The Company is a party to various reinsurance agreements including a pooling agreement with several affiliated companies. Under this pooling agreement, the total pooled policyholder surplus is \$6.819 billion.

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE SCOTTSDALE INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 34, Column 4)	440,984,282	407,094,160
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7)	258,377,507	276,387,747
3. Loss expenses incurred (Part 3, Line 25, Column 1)	49,885,104	48,253,302
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	128,120,182	116,014,744
5. Aggregate write-ins for underwriting deductions	58,410	(527,279)
6. Total underwriting deductions (Lines 2 through 5)	436,441,203	440,128,514
7. Net income of protected cells		
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7)	4,543,079	(33,034,354)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	38,175,007	35,012,074
10. Net realized capital gains or (losses) (Exhibit of Capital Gains (Losses))	685,436	(9,568,728)
11. Net investment gain or (loss) (Lines 9 + 10)	38,860,443	25,443,346
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$218,174 amount charged off \$316,729)	(98,555)	(137,855)
13. Finance and service charges not included in premiums	4,334,013	3,809,270
14. Aggregate write-ins for miscellaneous income	(6,162,748)	547,067
15. Total other income (Lines 12 through 14)	(1,927,290)	4,218,482
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15)	41,476,232	(3,372,526)
17. Dividends to policyholders	254,356	146,955
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17)	41,221,876	(3,519,481)
19. Federal and foreign income taxes incurred	12,705,488	(7,161,151)
20. Net income (Line 18 minus Line 19) (to Line 22)	28,516,388	3,641,670
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2)	257,234,845	231,265,554
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20)	28,516,388	3,641,670
23. Net unrealized capital gains or (losses)	4,188,177	5,029,964
24. Change in net unrealized foreign exchange capital gain (loss)		0
25. Change in net deferred income tax	(1,264,447)	4,159,864
26. Change in nonadmitted assets (Exhibit 1, Line 5, Col. 3)	(7,194,471)	1,885,148
27. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	1,905,267	(1,346,264)
28. Change in surplus notes		0
29. Surplus (contributed to) withdrawn from protected cells		
30. Cumulative effect of changes in accounting principles		13,458,995
31. Capital changes:		
31.1. Paid in		0
31.2. Transferred from surplus (Stock Dividend)		0
31.3. Transferred to surplus		0
32. Surplus adjustments:		
32.1. Paid in		0
32.2. Transferred to capital (Stock Dividend)		0
32.3. Transferred from capital		0
33. Net remittances from or (to) Home Office		0
34. Dividends to stockholders (cash)		0
35. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)	0	0
36. Aggregate write-ins for gains and losses in surplus	0	(860,086)
37. Change in surplus as regards policyholders for the year (Lines 22 through 36)	26,150,914	25,969,291
38. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 37) (Page 3, Line 35)	283,385,759	257,234,845
DETAILS OF WRITE-INS		
0501. Loss Based Assessment	58,410	(527,279)
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	58,410	(527,279)
1401. Other Income	(6,162,748)	547,067
1402.		
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	(6,162,748)	547,067
3601. Prior Period Adjustments	0	(860,086)
3602.		
3603.		
3698. Summary of remaining write-ins for Line 36 from overflow page	0	0
3699. Totals (Lines 3601 thru 3603 plus 3698) (Line 36 above)	0	(860,086)

The Company is a party to various reinsurance agreements including a pooling agreement with several affiliated companies. Under this pooling agreement, the total pooled policyholder surplus is \$6.819 billion.

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE SCOTTSDALE INSURANCE COMPANY

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	780,146,266	352,857,400
2. Loss and loss adjustment expenses paid (net of salvage and subrogation)	419,670,983	331,865,978
3. Underwriting expenses paid	126,891,419	113,777,960
4. Other underwriting income (expenses)	0	0
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	233,583,864	(92,786,538)
6. Net investment income	38,119,696	35,983,669
7. Other income (expenses):		
7.1 Agents' balances charged off	(98,555)	(137,855)
7.2 Net funds held under reinsurance treaties	0	43,663,779
7.3 Net amount withheld or retained for account of others	1,984,562	2,552,771
7.4 Aggregate write-ins for miscellaneous items	2,013,083	4,797,936
7.5 Total other income (Lines 7.1 to 7.4)	3,899,090	50,876,631
8. Dividends to policyholders on direct business, less \$0 dividends on reinsurance assumed or ceded (net)	188,213	161,960
9. Federal and foreign income taxes (paid) recovered	(4,514,342)	3,809,437
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9)	270,900,095	(2,278,761)
Cash from Investments		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds	93,898,539	113,308,480
11.2 Stocks	0	0
11.3 Mortgage loans	28,975	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	(95,025)	2,315
11.7 Miscellaneous proceeds	0	0
11.8 Total investment proceeds (Lines 11.1 to 11.7)	93,832,489	113,310,795
12. Cost of investments acquired (long-term only):		
12.1 Bonds	180,953,559	144,047,066
12.2 Stocks	0	0
12.3 Mortgage loans	6,531,163	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)	187,484,722	144,047,066
13. Net Cash from investments (Line 11.8 minus Line 12.7)	(93,652,233)	(30,736,271)
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	54,365,070
14.4 Borrowed funds received	0	0
14.5 Other cash provided	168,416	23,900,290
14.6 Total (Lines 14.1 to 14.5)	168,416	78,265,360
15. Cash applied:		
15.1 Dividends to stockholders paid	0	0
15.2 Net transfers to affiliates	16,643,109	0
15.3 Borrowed funds repaid	0	0
15.4 Other applications	117,630,291	31,691,351
15.5 Total (Lines 15.1 to 15.4)	134,273,400	31,691,351
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5)	(134,104,984)	46,574,009
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
17. Net change in cash and short-term investments (Line 10, plus Line 13, plus Line 16)	43,142,878	13,558,977
18. Cash and short-term investments:		
18.1 Beginning of year	25,463,146	11,904,169
18.2 End of year (Line 17 plus Line 18.1)	68,606,024	25,463,146
DETAILS OF WRITE-INS		
07.401 Finance And Service Charges Not Included In Premiums	4,334,013	3,809,270
07.402 Other	(2,320,930)	988,666
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)	2,013,083	4,797,936

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	5,820,314	2,303,316	2,864,865	5,258,765
2.	Allied lines	3,960,808	1,368,838	1,778,807	3,550,839
3.	Farmowners multiple peril	5,510,941	2,482,507	2,342,641	5,650,807
4.	Homeowners multiple peril	66,598,284	32,371,710	37,645,246	61,324,748
5.	Commercial multiple peril	41,398,156	16,428,014	19,766,009	38,060,161
6.	Mortgage guaranty	0	0	0	0
8.	Ocean marine	468,388	78,771	169,365	377,794
9.	Inland marine	4,500,053	2,325,593	2,405,511	4,420,135
10.	Financial guaranty	0	0	0	0
11.1	Medical malpractice - occurrence	168,924	76,475	75,618	169,781
11.2	Medical malpractice - claims-made	15,317	18,182	(2,151)	35,650
12.	Earthquake	1,215,045	652,791	658,807	1,209,029
13.	Group accident and health	9,913,905	427,867	14,142	10,327,630
14.	Credit accident and health (group and individual)	0	0	0	0
15.	Other accident and health	2,046,458	43,949	37,866	2,052,541
16.	Workers' compensation	8,101,577	3,381,940	3,470,877	8,012,640
17.1	Other liability - occurrence	22,085,363	7,908,822	10,889,973	19,104,212
17.2	Other liability - claims-made	1,055,266	614,830	539,139	1,130,957
18.1	Products liability - occurrence	2,306,064	691,103	1,000,829	1,996,338
18.2	Products liability - claims-made	8	43	1	50
19.1,19.2	Private passenger auto liability	156,803,248	38,269,311	41,559,540	153,513,019
19.3,19.4	Commercial auto liability	20,301,663	7,654,844	8,763,793	19,192,714
21.	Auto physical damage	107,325,168	27,089,951	29,934,294	104,480,825
22.	Aircraft (all perils)	(1,911)	(4,639)	(4,639)	(1,911)
23.	Fidelity	58,431	38,853	40,353	56,931
24.	Surety	223,283	119,999	124,204	219,078
26.	Burglary and theft	36,866	16,371	18,310	34,927
27.	Boiler and machinery	(1,366)	20,410	28,398	(9,354)
28.	Credit	0	0	0	0
29.	International	(3,141)	5,905	2,000	764
30.	Reinsurance - Nonproportional Assumed Property	548,832	(10,397)	15,056	523,379
31.	Reinsurance - Nonproportional Assumed Liability	791	0	(26)	817
32.	Reinsurance - Nonproportional Assumed Financial Lines	2,153	0	(218)	2,371
33.	Aggregate write-ins for other lines of business	359,512	469,509	540,378	288,643
34.	TOTALS	460,818,400	144,844,868	164,678,988	440,984,280
DETAILS OF WRITE-INS					
3301.	Auto Warranty.....	359,512	469,509	540,378	288,643
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)	359,512	469,509	540,378	288,643

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	2,861,084	3,781			2,864,865
2. Allied lines	1,772,610	6,197			1,778,807
3. Farmowners multiple peril	2,342,641				2,342,641
4. Homeowners multiple peril	37,645,246				37,645,246
5. Commercial multiple peril	19,756,022	9,987			19,766,009
6. Mortgage guaranty					0
8. Ocean marine	169,365				169,365
9. Inland marine	2,404,012	1,499			2,405,511
10. Financial guaranty					0
11.1 Medical malpractice - occurrence	75,618				75,618
11.2 Medical malpractice - claims-made	(2,151)				(2,151)
12. Earthquake	658,805	2			658,807
13. Group accident and health	14,142				14,142
14. Credit accident and health (group and individual)					0
15. Other accident and health	37,827	39			37,866
16. Workers' compensation	3,470,877				3,470,877
17.1 Other liability - occurrence	10,888,999	974			10,889,973
17.2 Other liability - claims-made	539,139				539,139
18.1 Products liability - occurrence	1,000,829				1,000,829
18.2 Products liability - claims-made	1				1
19.1,19.2 Private passenger auto liability	41,559,540				41,559,540
19.3,19.4 Commercial auto liability	8,762,097	1,696			8,763,793
21. Auto physical damage	29,933,769	525			29,934,294
22. Aircraft (all perils)	(4,639)				(4,639)
23. Fidelity	40,353				40,353
24. Surety	123,824	380			124,204
26. Burglary and theft	18,310				18,310
27. Boiler and machinery	28,398				28,398
28. Credit					0
29. International	2,000				2,000
30. Reinsurance - Nonproportional Assumed Property	15,056				15,056
31. Reinsurance - Nonproportional Assumed Liability	(26)				(26)
32. Reinsurance - Nonproportional Assumed Financial Lines	(218)				(218)
33. Aggregate write-ins for other lines of business	540,378	0	0	0	540,378
34. TOTALS	164,653,908	25,080	0	0	164,678,988
35. Accrued retrospective premiums based on experience					
36. Earned but unbilled premiums					
37. Balance (Sum of Line 34 through 36)					164,678,988
DETAILS OF WRITE-INS					
3301. Auto Warranty.....	540,378				540,378
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)	540,378	0	0	0	540,378

(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.....

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE SCOTTSDALE INSURANCE COMPANY

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	59,477,718	32,290,532	1,360	78,633,925	7,315,371	5,820,314
2. Allied lines	50,406,066	11,917,739	406	52,159,680	6,203,723	3,960,808
3. Farmowners multiple peril	2,018,629	5,861,940		2,287,697	81,931	5,510,941
4. Homeowners multiple peril	22,223,028	74,657,016	3,496	29,182,879	1,102,377	66,598,284
5. Commercial multiple peril	186,085,954	110,405,291	10	245,899,589	9,193,510	41,398,156
6. Mortgage guaranty						0
8. Ocean marine	3,093,474	23,782,394		11,747,123	14,660,357	468,388
9. Inland marine	18,196,290	12,096,180	487,220	10,906,991	15,372,646	4,500,053
10. Financial guaranty						0
11.1 Medical malpractice - occurrence		169,241		(14,966)	15,283	168,924
11.2 Medical malpractice - claims-made	419,830	30,638		382,914	52,237	15,317
12. Earthquake	91,018	1,331,490		166,124	41,339	1,215,045
13. Group accident and health		9,913,905				9,913,905
14. Credit accident and health (group and individual)						0
15. Other accident and health		2,046,458				2,046,458
16. Workers' compensation		8,101,577				8,101,577
17.1 Other liability - occurrence	411,517,869	225,497,915	417,748	441,696,563	173,651,606	22,085,363
17.2 Other liability - claims-made	32,752,141	29,157,813	4,837,402	44,139,292	21,552,798	1,055,266
18.1 Products liability - occurrence	26,804,290	10,557,727		34,076,777	979,176	2,306,064
18.2 Products liability - claims-made		8				8
19.1,19.2 Private passenger auto liability		156,803,248				156,803,248
19.3,19.4 Commercial auto liability	57,833,519	212,279,599	4,688	238,774,596	11,041,547	20,301,663
21. Auto physical damage	10,645,500	155,868,523	20	57,931,036	1,257,839	107,325,168
22. Aircraft (all perils)		(1,911)				(1,911)
23. Fidelity	10,689	67,147		17,854	1,551	58,431
24. Surety		223,283				223,283
26. Burglary and theft	120,261	44,577		121,456	6,516	36,866
27. Boiler and machinery	395,260	345,189		4,898	736,917	(1,366)
28. Credit						0
29. International		(3,141)				(3,141)
30. Reinsurance - Nonproportional Assumed Property	XXX	548,832				548,832
31. Reinsurance - Nonproportional Assumed Liability	XXX	791				791
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX	2,153				2,153
33. Aggregate write-ins for other lines of business	4,030,814	9,543,743	0	8,987,800	4,227,244	359,512
34. TOTALS	886,122,350	1,093,539,896	5,752,350	1,257,102,228	267,493,968	460,818,400
DETAILS OF WRITE-INS						
3301. Auto Warranty	4,030,814	9,543,743		8,987,800	4,227,244	359,512
3302.						
3303.						
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	4,030,814	9,543,743	0	8,987,800	4,227,244	359,512

(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 INSURANCE 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	20,397,578	12,672,014	30,555,085	2,514,507	796,932	822,516	2,488,923	47.3
2. Allied lines	12,647,412	6,914,849	17,580,732	1,981,529	613,521	607,587	1,987,463	56.0
3. Farmowners multiple peril	1,296,989	2,905,800	1,334,948	2,867,841	1,279,757	1,884,025	2,263,573	40.1
4. Homeowners multiple peril	18,917,819	46,068,302	23,998,093	40,988,028	16,935,807	16,307,137	41,616,698	67.9
5. Commercial multiple peril	75,570,284	29,275,226	87,208,761	17,636,749	27,736,089	28,870,591	16,502,247	43.4
6. Mortgage guaranty				.0	.0	.0	.0	0.0
8. Ocean marine	366,017	11,238,967	11,442,240	162,744	288,270	147,047	303,967	80.5
9. Inland marine	2,271,078	72,213,533	72,180,251	2,304,360	1,479,861	1,942,069	1,842,152	41.7
10. Financial guaranty				.0	.0	.0	.0	0.0
11.1 Medical malpractice - occurrence		11,973		11,973	178,655	141,069	49,559	29.2
11.2 Medical malpractice - claims-made	4,835,982	10,978,368	15,294,717	519,633	877,315	1,194,421	202,527	568.1
12. Earthquake		108,678	34,533	74,145	25,182	92,457	6,870	0.6
13. Group accident and health		8,764,918		8,764,918	19,190	1,182,156	7,601,952	73.6
14. Credit accident and health (group and individual)				.0	.0	.0	.0	0.0
15. Other accident and health		2,121,989		2,121,989	227,461	332,884	2,016,566	98.2
16. Workers' compensation		5,954,560		5,954,560	21,175,203	20,830,103	6,299,660	78.6
17.1 Other liability - occurrence	144,329,861	84,635,273	220,756,961	8,208,173	27,375,694	25,622,177	9,961,690	52.1
17.2 Other liability - claims-made	17,856,325	17,450,839	34,433,836	873,328	2,093,227	1,967,448	999,107	88.3
18.1 Products liability - occurrence	15,005,239	1,016,180	15,723,682	297,737	2,069,775	1,952,124	415,388	20.8
18.2 Products liability - claims-made				.0	1,590	1,646	(56)	(112.7)
19.1,19.2 Private passenger auto liability		94,088,772		94,088,772	108,554,210	115,047,123	87,595,859	57.1
19.3,19.4 Commercial auto liability	19,134,783	131,292,224	139,223,094	11,203,913	20,412,468	19,479,499	12,136,882	63.2
21. Auto physical damage	5,312,117	86,918,873	27,054,952	65,176,038	3,373,406	5,273,467	63,275,977	60.6
22. Aircraft (all perils)		(47,294)		(47,294)	23,151	33,035	(57,178)	2,991.3
23. Fidelity	4,786	6,943	4,786	6,943	18,275	18,287	6,931	12.2
24. Surety		11,662		11,662	63,727	71,572	3,817	1.7
26. Burglary and theft	224	5,771	224	5,771	34,157	33,354	6,574	18.8
27. Boiler and machinery	62,090	13,582	78,452	(2,780)	9,923	29,522	(22,379)	239.2
28. Credit				.0	.0	.0	.0	0.0
29. International		(1,193)		(1,193)	69,121	116,341	(48,413)	(6,337.2)
30. Reinsurance - Nonproportional Assumed Property	XXX	57,994		57,994	73,240	248,924	(117,690)	(22.5)
31. Reinsurance - Nonproportional Assumed Liability	XXX	(14,033)		(14,033)	677,877	(12,490)	676,334	82,767.4
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX	.1		.1	1,191	(20)	1,212	51.1
33. Aggregate write-ins for other lines of business	3,302,420	8,473,969	11,417,537	358,852	4,007	1,563	361,297	125.2
34. TOTALS	341,311,004	633,138,740	708,322,884	266,126,860	236,488,282	244,237,634	258,377,508	58.6
DETAILS OF WRITE-INS								
3301. Auto Warranty	3,302,420	8,473,969	11,417,537	358,852	4,007	1,563	361,297	125.2
3302.				.0	.0	.0	.0	0.0
3303.				.0	.0	.0	.0	0.0
3398. Summary of remaining write-ins for Line 33 from overflow page	.0	.0	.0	.0	.0	.0	.0	0.0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	3,302,420	8,473,969	11,417,537	358,852	4,007	1,563	361,297	125.2

6

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE SCOTTSDALE INSURANCE 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	5,940,390	1,992,301	7,240,935	691,756	965,216	1,089,305	1,949,345	796,932	116,712
2. Allied lines	10,387,644	1,450,910	11,290,019	548,535	1,127,693	438,198	1,500,905	613,521	102,525
3. Farmowners multiple peril	161,533	658,347	179,033	640,847	235,301	680,725	277,116	1,279,757	548,410
4. Homeowners multiple peril	5,138,795	12,229,911	6,304,078	11,064,628	4,691,330	7,465,849	6,286,000	16,935,807	3,084,635
5. Commercial multiple peril	58,095,669	22,738,216	64,343,064	16,490,821	38,058,331	25,402,826	52,215,889	27,736,089	10,676,527
6. Mortgage guaranty				0				0	
8. Ocean marine	622,000	4,683,941	5,195,366	110,575	1,738,585	4,283,050	5,843,940	288,270	37,037
9. Inland marine	2,647,276	61,821,519	63,647,642	821,153	24,933,467	4,395,789	28,670,548	1,479,861	195,677
10. Financial guaranty				0				0	
11.1 Medical malpractice - occurrence	1,010,000	741,132	1,646,500	104,632	798,466	1,144,469	1,868,912	178,655	78,059
11.2 Medical malpractice - claims-made	8,165,002	8,851,620	16,425,602	591,020	3,864,547	4,191,245	7,769,497	877,315	176,704
12. Earthquake	250,000	(13,487)	250,000	(13,487)		38,669		25,182	13,184
13. Group accident and health		8,629		8,629		10,561		(a) 19,190	973
14. Credit accident and health (group and individual)				0				0	
15. Other accident and health		59,413		59,413		168,048		(a) 227,461	11,217
16. Workers' compensation		13,166,553		13,166,553		8,008,650		21,175,203	1,519,109
17.1 Other liability - occurrence	194,227,250	103,686,994	286,300,730	11,613,514	243,512,087	132,376,380	360,126,287	27,375,694	9,948,216
17.2 Other liability - claims-made	13,783,257	41,001,617	53,619,738	1,165,136	20,319,796	20,281,244	39,672,949	2,093,227	1,079,828
18.1 Products liability - occurrence	25,008,918	2,294,069	26,633,467	669,520	31,732,927	2,992,786	33,325,458	2,069,775	1,274,102
18.2 Products liability - claims-made		(7)		(7)		1,597		1,590	2,711
19.1,19.2 Private passenger auto liability		76,582,670		76,582,670		31,971,540		108,554,210	18,282,606
19.3,19.4 Commercial auto liability	19,555,653	128,527,566	136,359,601	11,723,618	30,647,224	85,117,553	107,075,927	20,412,468	3,277,994
21. Auto physical damage	901,067	3,416,436	4,052,820	264,683	455,190	3,251,533	598,000	3,373,406	1,203,031
22. Aircraft (all perils)		21,540		21,540		1,611		23,151	3,728
23. Fidelity	100	6,101	100	6,101	162,960	31,414	182,200	18,275	6,277
24. Surety		50,255		50,255		13,472		63,727	26,084
26. Burglary and theft	5,000	33,576	5,000	33,576		581		34,157	1,717
27. Boiler and machinery	2,190	14,687	10,690	6,187		24,326	20,590	9,923	5,623
28. Credit				0				0	
29. International		63,376		63,376		5,745		69,121	
30. Reinsurance - Nonproportional Assumed Property	XXX	124,002		124,002	XXX	(50,762)		73,240	619
31. Reinsurance - Nonproportional Assumed Liability	XXX	288,407		288,407	XXX	389,470		677,877	2,997
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX	33		33	XXX	1,158		1,191	
33. Aggregate write-ins for other lines of business	26	82	106	2	(3,843,043)	4,051,358	204,310	4,007	(2)
34. TOTALS	345,901,770	484,500,409	683,504,491	146,897,688	399,400,077	337,778,390	647,587,873	236,488,282	51,676,300
DETAILS OF WRITE-INS									
3301. Auto Warranty	26	82	106	2	(3,843,043)	4,051,358	204,310	4,007	(2)
3302.				0				0	
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)	26	82	106	2	(3,843,043)	4,051,358	204,310	4,007	(2)

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

10

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	141,332,960			141,332,960
1.2 Reinsurance assumed	89,138,243			89,138,243
1.3 Reinsurance ceded	217,477,903			217,477,903
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3)	12,993,300	0	0	12,993,300
2. Commission and brokerage:				
2.1 Direct excluding contingent		174,515,385		174,515,385
2.2 Reinsurance assumed excluding contingent		185,375,377		185,375,377
2.3 Reinsurance ceded excluding contingent		305,625,986		305,625,986
2.4 Contingent-direct		30,822,033		30,822,033
2.5 Contingent-reinsurance assumed		13,463,337		13,463,337
2.6 Contingent-reinsurance ceded		38,402,493		38,402,493
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	60,147,653	0	60,147,653
3. Allowances to managers and agents	8,590	197,453		206,043
4. Advertising	8,338	2,032,245		2,040,583
5. Boards, bureaus and associations	161,141	1,017,533		1,178,674
6. Surveys and underwriting reports	4,536	4,197,239		4,201,775
7. Audit of assureds' records	0	45,754		45,754
8. Salary and related items:				
8.1 Salaries	23,280,047	19,669,647		42,949,694
8.2 Payroll taxes	1,301,729	1,682,776		2,984,505
9. Employee relations and welfare	3,030,727	1,686,069		4,716,796
10. Insurance	355,183	664,671		1,019,854
11. Directors' fees	45,974	118,214		164,188
12. Travel and travel items	2,169,061	1,261,979		3,431,040
13. Rent and rent items	1,882,748	1,971,253		3,854,001
14. Equipment	4,136,153	8,677,918		12,814,071
15. Cost or depreciation of EDP equipment and software	717,146	1,282,300		1,999,446
16. Printing and stationery	447,878	1,492,013		1,939,891
17. Postage, telephone and telegraph, exchange and express	1,896,952	2,331,071		4,228,023
18. Legal and auditing	538,103	3,343,979	289,929	4,172,011
19. Totals (Lines 3 to 18)	39,984,306	51,672,114	289,929	91,946,349
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$308,124		8,617,871		8,617,871
20.2 Insurance department licenses and fees		277,331		277,331
20.3 Gross guaranty association assessments		297,383		297,383
20.4 All other (excluding federal and foreign income and real estate)		1,458,772		1,458,772
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	0	10,651,357	0	10,651,357
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	(3,092,503)	5,649,058	0	2,556,555
25. Total expenses incurred	49,885,103	128,120,182	289,929	(a) 178,295,214
26. Less unpaid expenses - current year	51,676,298	15,819,571		67,495,869
27. Add unpaid expenses - prior year	52,920,441	14,590,808		67,511,249
28. Amounts receivable relating to uninsured accident and health plans, prior year	0	0	0	0
29. Amounts receivable relating to uninsured accident and health plans, current year				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	51,129,246	126,891,419	289,929	178,310,594
DETAILS OF WRITE-INS				
2401. Other Expenses	(84,516)	54,882		(29,634)
2402. Donations	8,552	170,726		179,278
2403. Outside Services And Income	(3,016,539)	(5,168,898)		(8,185,437)
2498. Summary of remaining write-ins for Line 24 from overflow page	0	10,592,348	0	10,592,348
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above)	(3,092,503)	5,649,058	0	2,556,555

(a) Includes management fees of \$ 119,789 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) 5,191,729	4,802,884
1.1 Bonds exempt from U.S. tax	(a) 5,963,781	5,912,265
1.2 Other bonds (unaffiliated)	(a) 24,938,942	25,921,580
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) 84,284	114,080
4. Real estate	(d)	
5. Contract loans		
6. Cash/short-term investments	(e) 528,434	1,205,311
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	517,629	517,629
10. Total gross investment income	37,224,799	38,473,749
11. Investment expenses		(g) 289,929
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) 8,813
15. Aggregate write-ins for deductions from investment income		0
16. Total (Lines 11 through 15)		298,742
17. Net Investment Income - (Line 10 minus Line 16)		38,175,007
DETAILS OF WRITE-INS		
0901. Securities Lending	89,785	89,785
0902. Miscellaneous Income	427,844	427,844
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	517,629	517,629
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

(a) Includes \$ 1,115,480 accrual of discount less \$ 2,401,422 amortization of premium and less \$ 1,088,326 paid for accrued interest on purchases.
 (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
 (c) Includes \$ 0 accrual of discount less \$ 514 amortization of premium and less \$ 0 paid for accrued interest on purchases.
 (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
 (e) Includes \$ 34,089 accrual of discount less \$ 17,921 amortization of premium and less \$ 698,030 paid for accrued interest on purchases.
 (f) Includes \$ accrual of discount less \$ amortization of premium.
 (g) Includes \$ 289,929 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
 (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
 (i) Includes \$ 8,813 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	696,900				696,900
1.1 Bonds exempt from U.S. tax					0
1.2 Other bonds (unaffiliated)	93,561		(1,024,272)		(930,711)
1.3 Bonds of affiliates					0
2.1 Preferred stocks (unaffiliated)					0
2.11 Preferred stocks of affiliates			1,598,178		1,598,178
2.2 Common stocks (unaffiliated)					0
2.21 Common stocks of affiliates	(10,000)		3,744,549		3,734,549
3. Mortgage loans					0
4. Real estate					0
5. Contract loans					0
6. Cash/Short-term investments	(95,025)		(130,277)		(225,302)
7. Derivative instruments					0
8. Other invested assets					0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	685,436	0	4,188,178	0	4,873,614
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0	0	0	0

EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

	1 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	2,295,649	2,223,468	(72,181)
2. Other Nonadmitted Assets:			
2.1 Bills receivable		0	0
2.2 Furniture, equipment and supplies	3,901,654	3,206,044	(695,610)
2.3 Leasehold improvements		0	0
2.4 Loans on personal security, endorsed or not	7,821,665	8,019,750	198,085
3. Total (Lines 2.1 to 2.4)	11,723,319	11,225,794	(497,525)
4. Aggregate write-ins for other assets	10,481,677	3,856,912	(6,624,765)
5. Total (Line 1 plus Lines 3 and 4)	24,500,645	17,306,174	(7,194,471)
0401. Deposits.....	320,881	227,867	(93,014)
0402. Advances On Travel And Entertainment.....	258	2,659	2,401
0403. Prepaid Pension Expense.....	6,001,000	0	(6,001,000)
0498. Summary of remaining write-ins for Line 4 from overflow page	4,159,538	3,626,386	(533,152)
0499. Totals (Lines 0401 thru 0403 plus 0498) (Line 4 above)	10,481,677	3,856,912	(6,624,765)

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.

In addition, the Company uses the following accounting policies:

1. Short-term investments are stated at amortized cost.
2. Bonds not backed by other loans are stated at amortized cost using the interest method. Non-investment grade bonds are stated at the lower of amortized cost or fair value.
3. Common stocks, other than investments in stocks of subsidiaries and affiliated, are stated at market, except that investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 20% or more are carried on the equity basis.
4. Redeemable preferred stocks are stated at amortized cost. Perpetual preferred stocks are stated at fair value. Non-investment grade preferred stocks are stated at the lower of amortized cost or fair value.
5. Investments in subsidiary and affiliated companies are stated as follows:

Investments in insurance subsidiaries are stated at statutory equity value. Investments in non-insurance subsidiaries that have no significant ongoing operations other than to hold assets that are primarily for the direct or indirect benefit or use of the reporting entity or its affiliates are stated at GAAP equity adjusted to a statutory basis of accounting. Investments in non-insurance subsidiaries that have significant ongoing operations beyond holding assets that are primarily for the direct or indirect benefit or use of the reporting entity or its affiliates are stated at GAAP equity.

6. The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, Property-Casualty Contract – Premiums.
7. The liability for losses is provided based upon formula and case basis estimates for losses reported with respect to direct business, estimates of unreported losses based upon past experience, estimates based on information received relating to assumed reinsurance, and deduction for ceded reinsurance, including amounts placed with affiliates. The Company reflects its liability for losses, net of anticipated salvage and subrogation recoverables.

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

NOTES TO FINANCIAL STATEMENTS

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 Wisconsin. 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 increased unassigned funds (surplus), of \$13,458,995 as of January 1, 2001. Included in this increase is an increase for deferred taxes of \$13,260,000.

3. Business Combinations and Goodwill

Not Applicable.

4. Discontinued Operations

Not Applicable.

5. Investments

A. Mortgage Loans

- (1) The maximum and minimum lending rates for commercial mortgage loans originated during 2002 were **7.375%** and **5.62%**, respectively.
- (2) During 2002 the Company did not reduce interest rates on any outstanding loans.
- (3) The maximum percentage of any one loan to the value of collateral at the time of the loan was **89.64%**.
- (4) The Company did not hold mortgages with interest 180 days or more past due.
- (5) There were no taxes, assessments or any amounts advanced and not included in the mortgage loan.
- (6) – (11) There were no impaired mortgage loans.

B – E. Not Applicable.

6. Joint Ventures, Partnerships and Limited Liability Companies

Not Applicable.

7. Investment Income

Not Applicable.

8. Derivative Instruments.

Not Applicable.

(The balance of this page is intentionally left blank.)

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)	43,074,924	40,684,547
(2) Total of all deferred tax liabilities	(5,211,329)	(5,601,689)
(3) Total deferred tax assets nonadmitted	(21,708,178)	(17,662,994)
(4) Increase(decrease) in deferred tax assets non admitted	4,045,184	(9,954,006)

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	12,752,702	(7,109,166)
2. Tax credits	-	-
3. Prior year over/under accrual	(47,214)	(51,985)
4. Current income tax incurred	12,705,488	(7,161,151)

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

<u>DTAs</u>	<u>Statutory</u>	<u>Tax</u>	<u>Difference</u>	<u>Tax Effect</u>
6. Reserves	288,164,581	250,217,560	37,947,021	13,281,457
7. Accts Payable&Other Liabilities	235,311,120	230,428,359	4,882,761	1,708,966
8. Unearned Premium	164,678,989	130,790,684	33,888,305	11,860,907
9. Total DTAs	613,737,497	490,666,283	123,071,214	43,074,925
10. DTAs nonadmitted	21,708,178	N/A	21,708,178	21,708,178

<u>DTLs</u>	<u>Statutory</u>	<u>Tax</u>	<u>Difference</u>	<u>Tax Effect</u>
11. Bonds	644,791,533	635,981,601	(8,809,932)	(3,083,476)
12. Other Invested Assets	-	(6,079,579)	(6,079,579)	(2,127,853)
13. Accts Payable&Other Liabilities	-	-	-	-
14. Accrued dividends	-	-	-	-
15. Total DTLs	644,791,533	629,902,022	(14,889,511)	(5,211,329)

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. Reserves	13,281,457	13,681,572	(400,115)
17. Accts Payable&Other Liabilities	1,708,966	3,394,082	(1,685,116)
18. Unearned Premium	11,860,907	10,402,930	1,457,977
19. Total DTAs	43,074,925	40,684,547	2,390,378
20. DTAs nonadmitted	21,708,178	17,662,994	4,045,184

<u>DTLs</u>	<u>12/31/2002</u>	<u>12/31/2001</u>	<u>Change</u>
21. Bonds	(3,083,476)	(3,487,569)	404,093
22. Other Invested Assets	(2,127,853)	(2,114,120)	(13,733)
23. Accts Payable&Other Liabilities	-	-	-
24. Accrued dividends	-	-	-
25. Total DTLs	(5,211,329)	(5,601,689)	390,360

NOTES TO FINANCIAL STATEMENTS

9. Federal Income Tax Allocation (continued)

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

	<u>Amount</u>	<u>Tax Effect</u>
1. Income before taxes	41,221,876	14,427,657
2. Tax-exempt interest, net	(4,788,908)	(1,676,118)
3. Dividends received deduction, net	-	-
4. Dividends received deduction, 100% owned subs	-	-
5. Loss reserve discounting	(1,101,046)	(385,366)
6. Unearned premium adjustment	4,165,649	1,457,977
7. Agents security compensation	-	-
8. Investment related transactions	578,701	202,545
9.	-	-
10. All other	1,270,674	444,736
11. Separate company taxable income	<u>41,346,946</u>	<u>14,471,431</u>
12. Consolidation		-
13. Reclass to deferred taxes		(1,718,729)
14. Prior year over/under accrual		(47,214)
15. Other		-
16. Tax		<u>12,705,488</u>

E.

	<u>Amount</u>	<u>Origination</u>	<u>Expiration</u>
(1) Amount of operating loss carryforwards	-		
Amount of AMT tax credits	-		
Business credits	-		

(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	<u>14,471,431</u>
2001	<u>-</u>
2000	<u>-</u>

F. (1) The Company's Federal Income Tax return for 2002 will be filed on a consolidated basis with the affiliated entities listed below:

401(k) INVESTMENT ADVISORS, INC	NATIONWIDE FINANCIAL ASSIGNMENT COMPANY
401(k) INVESTMENT SERVICES, INC	NATIONWIDE FINANCIAL INSTITUTION
AFFILIATE AGENCY INC.	DISTRIBUTORS AGENCY, INC.
AFFILIATE AGENCY OF OHIO, INC.	NATIONWIDE FINANCIAL INSTITUTION
AGMC REINSURANCE, LTD	DISTRIBUTORS AGENCY, INC. OF MASS.
AID FINANCE SERVICES, INC.	NATIONWIDE FINANCIAL INSTITUTION
ALLIED DOCUMENT SOLUTIONS, INC.	DISTRIBUTORS AGENCY, INC. OF NEW MEXICO
ALLIED GENERAL AGENCY COMPANY	NATIONWIDE FINANCIAL SERVICES, INC.
ALLIED GROUP INSURANCE MARKETING COMPANY	NATIONWIDE GENERAL INSURANCE COMPANY
ALLIED GROUP, INC	NATIONWIDE GLOBAL HOLDINGS, INC.
ALLIED PROPERTY AND CASUALTY INSURANCE COMPANY	NATIONWIDE GLOBAL JAPAN, INC.
ALLIED TEXAS AGENCY, INC.	NATIONWIDE HEALTH PLANS, INC.
AMCO INSURANCE COMPANY	NATIONWIDE HOME MORTGAGE DISTRIBUTORS
AMERICAN MARINE UNDERWRITERS	NATIONWIDE INDEMNITY COMPANY
CAL-AG INSURANCE SERVICES, INC	NATIONWIDE INSURANCE COMPANY OF AMERICA
CALFARM INSURANCE AGENCY	NATIONWIDE INSURANCE COMPANY OF FLORIDA
CALFARM INSURANCE COMPANY	NATIONWIDE INTERNATIONAL UNDERWRITERS
CORVANT CORPORATION (FORMERLY VILLANOVA FINANCIAL GROUP, INC.)	NATIONWIDE INVESTMENT SERVICES
DEPOSITORS INSURANCE COMPANY	CORPORATION
FINANCIAL HORIZONS DISTRIBUTORS AGENCY OF ALABAMA, INC.	NATIONWIDE LIFE AND ANNUITY INSURANCE COMPANY
FINANCIAL HORIZONS DISTRIBUTORS AGENCY OF OHIO, INC.	NATIONWIDE LIFE INSURANCE COMPANY
FINANCIAL HORIZONS DISTRIBUTORS AGENCY OF OKLAHOMA, INC.	NATIONWIDE LLOYDS
FINANCIAL HORIZONS DISTRIBUTORS AGENCY OF TEXAS, INC.	NATIONWIDE MANAGEMENT SYSTEMS, INC.
FINANCIAL HORIZONS SECURITIES CORPORATION	NATIONWIDE MORTGAGE HOLDINGS, INC.
	NATIONWIDE PROPERTY AND CASUALTY
	INSURANCE COMPANY
	NATIONWIDE RETIREMENT PLAN SERVICES, INC.
	(FORMERLY IRVIN L. SWARTZ & ASSOCIATES)
	NATIONWIDE RETIREMENT SOLUTIONS, INC.
	NATIONWIDE RETIREMENT SOLUTIONS, INC. OF ALABAMA

NOTES TO FINANCIAL STATEMENTS

F. (1) The Company's Federal Income Tax return for 2002 will be filed on a consolidated basis with the affiliated entities listed below: (continued)

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

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 Nationwide Mutual Insurance Company, an insurance company domiciled in the State of Ohio.

The Company and various of its affiliates have entered into an agreement with Nationwide Cash Management Company (NCMC), a subsidiary of the Parent, under which NCMC 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 NCMC are obligations of the participants.

- B. Detail of Transactions Greater than ½% of Admitted Assets

On December 31, 2000, the Company ceded to Nationwide Indemnity Company (NIC) an affiliate, liability for loss and loss adjustment expenses related to California construction defect claims with dates of loss between January 1, 1982 and December 31, 1997. The loss and loss adjustment expenses transferred under the agreement total \$115.4 million. In consideration for ceding those liabilities, the Company paid to NIC cash and securities equal to 100% of the loss and loss adjustment expense reserves transferred under this agreement.

NOTES TO FINANCIAL STATEMENTS

10. Information Concerning Parent, Subsidiaries, and Affiliates (continued)

C. Change in Terms of Intercompany Arrangements.

Not Applicable.

D. Amounts Due to or From Related Parties

The Company is a participant in the Nationwide Pool as disclosed in Note 25. Intercompany receivables and payables are the result of various transactions between the Company and other affiliates where settlement has not yet occurred. At December 31, 2002, the Company reported \$5,751,870 as amounts receivable from parent, subsidiaries and affiliates.

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 Benefit Plans

A. Defined Benefit Plans

The Company is a participant, together with other affiliated companies, in the Nationwide Retirement Plan (Retirement Plan), a pension plan covering substantially all employees. Benefits are based upon the highest average annual salary of a specified number of consecutive years of the last ten years of service. The Company funds pension costs accrued for direct employees plus an allocation of pension costs accrued for employees of affiliates whose work efforts benefit the Company. Pension costs charged to operations under the Retirement Plan during the years ended December 31, 2002 and 2001 were \$0 and \$0, respectively. The Retirement Plan recomputed its pension liabilities in accordance with SSAP No. 8 as required by 2001 codification.

In addition to the defined benefit pension plan, the Company, together with other affiliated companies, participates in life and health care defined benefit plans for qualifying retirees. Postretirement life and health care benefits are contributory and generally available to full time employees who meet minimum age and service requirements. Postretirement health care benefit contributions are adjusted annually and contain cost-sharing features such as deductible and coinsurance. In addition there are caps on the Company's portion of the per-participant cost of the postretirement health care benefits.

The costs for the Company's net postretirement benefits for the year ended December 31, 2002 and 2001 were \$10.7 million and \$9.3 million, respectively. The accrued liability for postretirement benefit obligation for retirees and other fully eligible or vested plan participants, at December 31, 2002 was \$5.2 million, which was paid in January 2003. There was no accrued liability for the year ended in 2001. Postretirement plan assets are invested in group annuity contracts issued by Nationwide Life Insurance Company (NLIC).

In 1993, the Company changed its method of accounting for the costs of postretirement benefits to the accrual method and elected to amortize its transition obligation for retirees and fully-eligible employees over 20 years. The unamortized transition obligation was \$3.5 million and \$47.8 million at December 31, 2002 and 2001, respectively.

(The balance of this page is intentionally left blank.)

NOTES TO FINANCIAL STATEMENTS

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

A summary of assets, obligations and assumptions of the Pension and Other Postretirement Benefit Plans are as follows at December 31, 2002 and 2001:

	Pension Benefits		Postretirement Benefits	
	2002	2001	2002	2001
(1) Change in benefit obligation:				
a. Benefit obligation at beginning of year	\$2,075,688,583	\$1,930,287,426	\$174,617,830	\$146,590,834
b. Service cost	95,251,238	86,780,637	11,234,397	9,166,627
c. Interest cost	131,921,371	125,533,188	12,649,290	12,512,835
d. Contribution by plan participants	0	0	3,984,768	3,349,455
e. Actuarial (gain) loss	(11,828,288)	(7,256,960)	31,728,297	23,003,739
f. Foreign currency exchange rate changes	0	0	0	0
g. Benefits paid	(97,580,333)	(89,791,033)	(20,314,479)	(20,167,177)
h. Plan amendments	(10,371,711)	30,135,325	(50,610,489)	161,517
i. Plan curtailment	(12,404,729)	0	0	0
j. Benefit obligation at end of year	\$2,170,676,131	\$2,075,688,583	163,289,614	174,617,830
(2) Change in plan assets				
a. Fair value of plan assets at beginning of Year	2,200,683,768	2,337,141,517	119,701,941	119,456,157
b. Actual return on plan assets	(142,453,578)	(46,666,716)	(12,671,254)	(246,774)
c. Foreign currency exchange rate changes	0	0	0	0
d. Employer contribution	4,301,000	0	16,175,519	17,310,280
e. Plan participant's contributions	0	0	3,984,768	3,349,455
f. Benefits paid	(97,580,333)	(89,791,033)	(20,314,483)	(20,167,177)
g. Plan curtailment	0	0	0	0
h. Fair value of plan assets at end of year	1,964,950,857	2,200,683,768	106,876,491	119,701,941
(3) Funded status				
a. Unamortized prior service cost	18,045,497	30,135,325	(3,641,023)	154,175
b. Unrecognized net (gain) or loss	519,790,767	223,234,857	66,503,172	12,952,032
c. Remaining net obligation or (net asset) at initial date of application	(328,095,961)	(378,365,367)	4,190,736	56,106,208
d. Prepaid assets or (accrued liabilities)	4,015,029	0	10,639,762	14,296,526
e. Intangible asset	N/A	N/A	N/A	N/A
(4) Benefit obligation for non vested employees	65,496,482	56,549,824	106,360,443	139,353,526
(5) Components of net periodic benefit cost				
a. Service cost	95,251,238	86,780,637	11,234,397	9,166,627
b. Interest cost	131,921,371	125,533,188	12,649,290	12,512,835
c. Expected return on plan assets	(178,585,234)	(183,825,101)	(9,276,900)	(9,556,493)
d. Amortization of unrecognized transition Obligation or (transition asset)	(50,269,406)	(28,488,724)	5,127,162	5,127,162
e. Amount of recognized (gains) and losses	1,432,146	0	0	0
f. Amortization of prior service cost recognized	249,885	0	(26,982)	(26,981)
g. Amount of gain or loss recognized due to a settlement or curtailment	0	0	125,318	0
h. Total net periodic benefit cost	0	0	19,832,285	17,223,150

- (6) 1. A minimum pension liability adjustment is required when the actuarial present value of accumulated benefits exceeds plan assets and accrued pension liabilities. The minimum liability adjustment, less allowable intangible assets, net of tax benefit, is reported in the Income Statement at December 31, 2002, there was no additional minimum liability required.

NOTES TO FINANCIAL STATEMENTS

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

(6) 2. Charges pursuant to Settlement or Curtailment

a. Settlement (gain) or loss	\$	0	\$	0
b. Curtailment (gain) or loss		<u>285,971</u>		<u>0</u>
c. Total benefits cost	\$	285,971	\$	0

The following table is the basis of measurement for plan liabilities and is relevant for items 1-4 above.

	Pension Benefits		Postretirement Benefits	
	2002	2001	2002	2001
(7) Weighted-average assumptions as of December 31,				
a. Weighted average discount rate	6.00%	6.50%	6.60%	7.25%
b. Rate of increase in future compensation levels	4.50%	4.75%	N/A	N/A
c. Assumed health care cost trend rate:				
*Initial rate (11.3% pre age 65, 12.3% post age 65)	-	-	11.30% *	11.00%
*Ultimate rate (5.7% pre age 65, 6.3% post age 65)	-	-	5.70% *	5.50%
Declining period	-	-	11 Years	4 Years

(8) The following table is the basis of measurement for net periodic pension and post retirement costs and is relevant for item 5 above:

	Pension Benefits		Postretirement Benefits	
	2002	2001	2002	2001
a. Weighted average discount rate	6.00%	6.75%	6.60%	7.25%
b. Rate of increase in future compensation levels	4.50%	5.00%	N/A	N/A
c. Expected long-term rate of return on plan assets	8.25%	8.00%	7.75%	8.00%
d. Assumed health care cost trend rate:				
Initial rate	-	-	11.30%	11.00%
Ultimate rate	-	-	5.70%	5.50%
Declining period	-	-	11 years	4 Years

(9) Because current plan costs are very close to dollar caps, the health care cost trend has an immaterial effect on plan obligations for the postretirement life and health care benefit plan as a whole. For this reason, the effect of a one percentage point increase or decrease in the assumed health care cost trend rate on the accumulated postretirement benefit obligation as of December 31, 2002 and on the net periodic postretirement benefit cost for the year ended December 31, 2002 does not have a material effect on plan obligations or expenses.

B. Defined Contribution Plans

The Company, together with other affiliated companies, sponsors a defined contribution savings plan covering substantially all employees of the Company. Employees may make salary deferral contributions of up to 80%. Salary deferrals of up to 6% are subject to a 50% company match. The Company match is funded on a bi-weekly basis and the expense of such contributions are allocated to the Company based on employee contributions. For the plan as a whole the expense was \$31,836,874 and \$28,487,385 for 2002 and 2001, respectively. Individuals are subject to a dollar limit on salary deferrals per IRS Section 402(g) (\$11,000 in 2002). Other limits also apply. The Company has no legal obligation for benefits under this plan.

C. Multiemployer Plans

Not applicable.

D. Consolidated/Holding Company Plans

The Company, together with other affiliated companies, sponsors non-qualified deferred compensation and defined benefit arrangements for certain employees and agents. Expenses are allocated to the Company based on individual participants. Total Company liabilities for nonqualified employee plans was \$185,549,641 and \$145,740,260 on December 31, 2002 and December 31, 2001, respectively. Total expense recorded during 2002 was \$18.3 million related to the non-qualified benefit plans. Total Company liabilities for the agents plan was \$808,975,631 and \$754,767,762 on December 31, 2002 and December 31, 2001. Total expense recorded during 2002 was \$96.7 million related to the agent plan. The agent plan liability was pooled prior to 2001, but pooling was discontinued in 2001. The entire liability now resides on the Company's books.

NOTES TO FINANCIAL STATEMENTS

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

E. Postemployment Benefits and Compensated Absences

The Company has no obligations to current or former employees for benefits after their employment but before their retirement other than for compensation related to earned vacation. The liability for earned but untaken vacation has been accrued.

13. Capital and Surplus and Shareholder Dividend Restrictions

(1) The Company has 100,000 shares authorized and 30,136 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 \$2,572,348. Dividends are paid as determined by the Board of Directors. No dividends were declared or paid in 2002.

(4) – (8) None.

(9) The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

Description	Cumulative Increase (Decrease) in Surplus	Current Year Increase (Decrease) in Surplus
1. Unrealized gain or loss	\$13,602,284	\$4,188,177
2. Nonadmitted assets	\$24,500,645	(\$7,194,471)
3. Provision for reinsurance	\$ 3,935,654	\$1,905,267

(10) – (12) None.

14. Contingent Liabilities

A. Contingent Commitments

Not Applicable.

B. Guaranty Fund and Other Assessments

The Company is subject to guaranty fund and other assessments by the states in which it writes business. Guaranty fund assessments should be accrued at the time of insolvencies. Other assessments should be accrued either at the time of assessments or in the case of premium based assessments, at the time the premiums were written, or, in the case of loss based assessments, at the time the losses are incurred.

The Company has accrued a liability for guaranty fund and other assessments of \$3,450,197 and a related premium tax benefit asset of \$1,198,666. These represent management's best estimates based on information received from the states in which the Company writes business and may change due to many factors including the Company's share of the ultimate cost of current insolvencies.

C. Gain Contingencies

Not Applicable.

D. All Other Contingencies

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

A. Extraordinary Items.

None.

B. Troubled Debt Restructuring for Debtors

Not Applicable.

C. Other Disclosures

None.

D. Uncollectible Premiums Receivable

None.

E. Reinsurance Accounted for as a Deposit

Not Applicable.

F. Multiple Peril Crop Insurance

Not Applicable.

G. Mezzanine Real Estate Loans

Not Applicable.

H. Health Care Receivables

Not Applicable.

I. September 11 Events

The Company's exposure due to the September 11, 2001 terrorist attacks is minimal and estimated to be about \$176,000. Further, we are not aware of any reinsurer who has been impaired by the events to the point of creating a credit risk on any of our reinsurance programs.

J. Real Estate

Not Applicable.

K. Participating Policies

Not Applicable.

L. Premium Deficiency Reserves

Not Applicable.

M. Noncash Transactions

Not Applicable.

21. Events Subsequent

Not Applicable.

NOTES TO FINANCIAL STATEMENTS

22. Reinsurance

A. Unsecured Reinsurance Recoverables

NAIC Company Code	Federal ID Number	Name of Reinsurer	Total Unsecured
00000	AA-1127007	1007 (Lloyds Syndicate)	13,591
00000	AA-1127241	1241 (Lloyds Syndicate)	16,667
10227	13-4924125	American Reinsurance Company	24,242
20443	36-2114545	Continental Casualty Insurance Company	20,249
39136	06-1325038	Converium Reinsurance Nor	16,110
38776	13-2997499	Folksamerica Reinsurance Company	17,241
22969	36-2667627	GE Reinsurance Corporation	39,477
22039	13-2673100	General Reinsurance Corporation	27,923
11266	13-6107326	Gerling Global Reins. Corp.	13,712
00000	AA-1340125	Hanover Reinsurance Company	38,398
22977	36-1410470	Lumbermans Mutual Casualty	11,708
39675	23-2153760	PMA Capital Insurance Company	33,793
25364	13-1675535	Swiss Re America Corp.	15,183
		Total	288,294

B. Reinsurance Recoverable in Dispute is as follows:

The Company does not have recoverables on paid and unpaid losses that are in dispute that individually or in the aggregate equal more than 5% or 10% respectively of the Company's surplus.

C. Reinsurance Assumed and Ceded

1.

	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)
(a) Affiliates	431,731,215	50,903,091	528,317,247	31,200,131	(96,586,032)	19,702,961
(b) All Other	-0-	-0-	109,347,246	27,641,336	(109,347,246)	(27,641,336)
(c) Total	431,731,215	50,903,091	637,664,493	58,841,467	(205,933,278)	(7,938,375)
(d) Direct Unearned Premium Reserve			370,612,267			

Line (c) of Column 5 plus Line (d) must equal Page 3, Line 9, Column 1.

Reconciliation

Line (c), column 5 plus line (d) (Net Reinsurance + direct) 164,678,989
 Page 3, col 1, line 9 (Net Unearned Premium) 164,678,989

Difference (should be -0-) 0

2. The 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	Assumed Reinsurance	Ceded Reinsurance	Net
Contingent Commission	37,667,056	15,105,011	46,387,779	6,384,288
Sliding Scale Adjustments	-0-	-0-	-0-	-0-
Other Profit Commission Arrangements	-0-	-0-	-0-	-0-
Total	37,667,056	15,105,011	46,387,779	6,384,288

3. No risks attributable to company's protected cells.

NOTES TO FINANCIAL STATEMENTS

22. Reinsurance (continued)

D. Uncollectible Reinsurance

(1) The Company has written off in the current year reinsurance balances (from the companies listed below, item e) in the amount of 2,673,848, which is reflected as:

a. Losses	2,032,866
b. Loss adjustment expenses incurred	640,982
c. Premiums earned	-0-
d. Other	-0-
Total	2,673,848

e. Company	Amount
Aneco Insurance Company	(4,972)
Beacon Insurance Company	61,978
Central National Insurance Co.	3,230
Coronet Insurance Company	621
El Paso Insurance Company	362
First National Indemnity	32,189
Folksam International	13,340
Heartland Group	20,879
HIH Casualty & General Insurance	27,756
Ideal Mutual Insurance Company	4,759
Kingscroft Insurance	705
Limestreet Insurance	320
Mentor Insurance Company	6,368
Mission Reinsurance Co.	9,172
Mutual Fire, Marine & Inland	46,495
Mutual Reinsurance Company	326
NEM Reinsurance Company	62,639
Reliance Insurance Company	2,364,622
Sovereign Marine & General	21,946
Walbrook Insurance Company	1,113
Total	2,673,848

E. Commutation of Ceded Reinsurance

The Company has reported in its operations in the current year as a result of commutation of reinsurance with the companies listed below, amounts which are reflected as:

(1) Losses incurred	1,679,724
(2) Loss adjustment expenses incurred	636,718
(3) Premiums earned	311
(4) Other	0
Total	2,316,753

(5) Company	Amount
American Centennial Insurance	61,544
Atlantic Mutual	46,923
Candon Syndicate	20,879
First New York Syndicate	69,478
Fremont Indemnity	1,591
GE Reinsurance	1,726,266
Imperial Casualty	44,524
Maiden Lane Syndicate	25,451
Midstates Reinsurance	13,848
Millers National Reinsurance Co.	(630)
Municipal General Ins. Co.	202,658
Northwestern National Insurance Company	22,575
Paladin Reinsurance Company of NY	26,613
South Place Syndicate	25,451
Swiss Re America Corp	28,960
Total	2,316,131

F. Retroactive Reinsurance

Not Applicable.

23. Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not Applicable.

NOTES TO FINANCIAL STATEMENTS

24. Change in Incurred Losses and Loss Adjustment Expense

(000'S)	2002 Calendar Year Losses Incurred	2002 Calendar Year LAE Incurred	2002 Calendar Year Total Incurred		
(Lines of Business)	Losses Incurred	LAE Incurred	Totals	2002 Loss Year Losses and LAE Incurred	Shortage (Redundancy)
Fire and Homeowners	44,106	6,410	50,516	50,264	252
Commercial Multiple Peril	16,502	5,187	21,689	22,781	(1,092)
Auto	163,009	30,561	193,570	205,770	(12,200)
All others	34,761	7,727	42,488	40,048	2,440
Totals	258,378	49,885	308,263	318,863	(10,600)

The estimated cost of loss and loss adjustment expenses attributable to insured events of prior years decreased by \$11 million during 2002, as shown in the chart above. This is about (3.6)% of unpaid losses and loss adjustment expense of \$297 million as to December 31, 2001. The redundancy came primarily from the Commercial Multi-Peril and Auto lines of business.

25. Intercompany Pooling Arrangements

The Company is a party to various reinsurance agreements including a pooling agreement with affiliated property and casualty companies (Nationwide Pool).

The following companies are covered under a 100% quota share reinsurance agreement with Nationwide Mutual Insurance Company (NMIC): Nationwide Property and Casualty Insurance Company, Nationwide General Insurance Company, Nationwide Assurance Company, Nationwide Agribusiness Insurance Company, Scottsdale Insurance Company (SI) and AMCO Insurance Company (AMCO).

Scottsdale Indemnity Company, Scottsdale Surplus Lines and Western Heritage Insurance Company are covered under a 100% quota share reinsurance agreement with SI.

Allied Property and Casualty Insurance Company, Depositors Insurance Company, CalFarm Insurance Company and Nationwide Insurance Company of America are covered under a 100% quota share agreement with AMCO.

NMIC is the lead company in the pool. The companies in the Nationwide Pool are as follows:

	NAIC #	POOL
Nationwide Mutual Insurance Company	23787	83.7%
Nationwide Mutual Fire Insurance Company	23779	11.3%
Scottsdale Insurance Company	41297	4.0%
Farmland Mutual Insurance	13838	1.0%
		100.0%

26. Structured Settlements

A. Reserves Released Due to Purchases of Annuities

The Company has settled certain losses with structured settlement agreements whereby the Company has purchased an annuity with the claimant as the payee. Certain of these annuities are without qualified assignments. The Company is contingently liable under the settlement agreements without qualified assignments if the annuity-issuing company is unable to meet the payment obligations to the Company's claimant under the settlement agreement. The amortized value of the annuities under such agreements for direct losses as of December 31, 2002 is \$7.3 million.

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

NLIC, an affiliate of the Company, is located in Columbus, Ohio and domiciled in the State of Ohio. The aggregate value of annuities due from NLIC are \$4.8 million at December 31, 2002.

27. High Deductibles

Not Applicable.

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

Not Applicable.

NOTES TO FINANCIAL STATEMENTS

29. Asbestos/Environmental Reserves

The Company has exposure to both asbestos and environmental claims from the issuance of general liability policies and also from assumed reinsurance.

The Company estimates the full impact of its asbestos and environmental exposure by establishing case reserves when sufficient information has been developed to indicate the involvement of a specific insurance policy. In addition, incurred but not reported reserves have been established to cover additional exposures on both known and unasserted claims, primarily utilizing historical information.

The Company's asbestos and environmental related losses for each of the five most recent calendar years were as follows (in millions):

ENVIRONMENTAL CLAIMS – GROSS	1998	1999	2000	2001	2002
Beginning Reserves:	18	1	1	1	1
Incurred Loss and Loss Adjustment Expense:	0	0	0	0	0
Calendar Year Payments:	17	0	0	0	0
Ending Reserve:	1	1	1	1	1
ASBESTOS CLAIMS – GROSS					
Beginning Reserves:	18	1	1	1	1
Incurred Loss and Loss Adjustment Expense:	1	0	0	0	1
Calendar Year Payments:	18	0	0	0	0
Ending Reserve:	1	1	1	1	1
ENVIRONMENTAL CLAIMS – NET					
Beginning Reserves:	34	1	1	1	2
Incurred Loss and Loss Adjustment Expense:	0	0	0	0	1
Calendar Year Payments:	33	0	0	0	0
Ending Reserve:	1	1	1	1	2
ASBESTOS CLAIMS – NET					
Beginning Reserves:	22	0	1	1	1
Incurred Loss and Loss Adjustment Expense:	1	1	0	0	1
Calendar Year Payments:	23	0	0	0	0
Ending Reserve:	0	1	1	1	2

The 1998 beginning reserves have been restated in the 1998 rollforward to reflect a change in the definition of Gross. Historically, both Direct and Assumed amounts have been included in Gross. Beginning in 1998, only Direct amounts are included in Gross.

The 1999 and 1998 and calendar year payments include the effects of the portfolio adjustments caused by changes in the pooling agreement discussed in Note #25 as well as a reinsurance agreement between NMIC and Nationwide Indemnity Company (NIC) in 1998 that transferred approximately \$675.9 million of loss and loss adjustment expense reserves to NIC primarily for asbestos and environmental claims.

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	58,516,865	7.316	58,516,865	7.316
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.000		0.000
1.22 Issued by U.S. government sponsored agencies	29,452,211	3.682	29,452,211	3.682
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	38,936,239	4.868	38,936,239	4.868
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	41,319,387	5.166	41,319,387	5.166
1.43 Revenue and assessment obligations	37,987,210	4.749	37,987,210	4.749
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	7,658,503	0.957	7,658,503	0.957
1.513 Privately issued		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC	149,228,228	18.657	149,228,228	18.657
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	42,170,542	5.272	42,170,542	5.272
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	218,890,274	27.366	218,890,274	27.366
2.2 Unaffiliated foreign securities	20,632,124	2.579	20,632,124	2.579
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	3,392,761	0.424	3,392,761	0.424
3.22 Unaffiliated		0.000		0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated	0	0.000	0	0.000
3.32 Unaffiliated		0.000		0.000
3.4 Other equity securities:				
3.41 Affiliated	76,275,731	9.536	76,275,731	9.536
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	6,502,188	0.813	6,502,188	0.813
5. Real estate investments:				
5.1 Property occupied by the company	232,796	0.029	232,796	0.029
5.2 Property held for the production of income (includes \$0 of property acquired in satisfaction of debt)		0.000	0	0.000
5.3 Property held for sale (\$0 including property acquired in satisfaction of debt)		0.000	0	0.000
6. Policy loans		0.000		0.000
7. Receivables for securities	52,126	0.007	52,126	0.007
8. Cash and short-term investments	68,606,024	8.577	68,606,024	8.577
9. Other invested assets		0.000		0.000
10. Total invested assets	799,853,209	100.000	799,853,209	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No []
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [] NA []
- 1.3 State Regulating? Ohio.....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.12/31/2001
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.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? State of Ohio Insurance Department
- 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, OH 43215.....
9. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
 Kevin McAllister, FCAS MAAA
 KPMG Peat Marwick
 100 Matsonford Rd.
 Radnor, PA 19087.....
10. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 10.1 What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?
- 10.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 10.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] NA []

BOARD OF DIRECTORS

11. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes [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					XXX	XXX	XXX	XXX
Common	100,000	30,136	200.000	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 [] No [X]

18.2 If no, give full and complete information relating thereto:
Certain securities are held by banks in safekeeping for the Company.

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 [X] No []

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

19.21	Loaned to others	\$	101,525,874
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 Detailed listing filed with state of domicile.....	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
The Bank of New York.....	1 Wall Street, New York, NY 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?..... \$.....1,487,305

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?..... \$.....1,217,068

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
McBride, Baker & Coles.....	\$.....417,917
	\$
	\$

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 (Note 25). The primary exposures to the pool are from windstorm events in the SE U.S. which would effect both personal and commercial lines. Models used in estimating probable maximum loss include Applied Insurance Research and Risk Management Solution's IRAS. To mitigate this impact, the Company maintains excess and catastrophic and incorporates various business strategies, such as increased deductibles in catastrophic areas.....
- 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?.....
- 5.4 Does the reporting entity carry catastrophe reinsurance protection, with provision for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [X] No []
- 5.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss.

- 6.1 Has this reporting entity reinsured any risk with any other entity under a quota share reinsurance contract which includes a provision which would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss ratio cap, an aggregate limit or any similar provision)? Yes [] No [X]
- 6.2 If yes, indicate the number of reinsurance contracts containing such provisions: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 [] No [X] 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 [] NA [X]
- 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 [X] No []
- 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): \$1,800,000
- 12.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [] No [X]
- 12.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of this amount.1
- 13.1 Has this reporting entity guaranteed any financed premium accounts?..... Yes [] No [X]
- 13.2 If yes, give full information
- 14.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
- 14.11 Name of real estate holding company None
- 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 [X] No []
- 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	\$	\$	\$	\$	\$
15.12 Products	\$	\$	\$	\$	\$
15.13 Automobile	\$(430,068)	\$(3,843,017)	\$4,030,813	\$3,903,043	\$3,416,244
15.14 Other*	\$	\$	\$	\$	\$

* Disclose type of coverage:

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE SCOTTSDALE INSURANCE 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)	1,177,185,252	919,414,696	777,077,767	706,412,227	646,459,702
2. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	352,974,901	290,944,237	315,437,623	313,265,172	212,795,058
3. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	428,869,769	327,284,832	308,597,454	289,820,440	212,800,200
4. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	25,832,898	28,954,239	20,515,422	19,094,149	21,342,509
5. Non-proportional Reinsurance Lines (Lines 30, 31 & 32)	551,777	8,756	24,160	65,374	45,748
6. Total (Line 34)	1,985,414,596	1,566,606,760	1,421,652,426	1,328,657,362	1,093,443,217
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)	210,837,429	195,239,780	174,885,798	171,964,808	177,976,823
8. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	122,858,255	112,427,991	101,620,619	104,609,734	83,369,138
9. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	113,972,491	96,339,591	86,368,768	96,979,071	67,277,795
10. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	12,598,449	12,802,388	10,895,165	8,768,228	4,952,186
11. Non-proportional Reinsurance Lines (Lines 30, 31 & 32)	551,777	8,756	24,160	65,374	45,748
12. Total (Line 34)	460,818,400	416,818,506	373,794,510	382,387,215	333,621,690
Statement of Income (Page 4)					
13. Net Underwriting Gain (Loss) (Line 8)	4,543,079	(33,034,354)	(43,691,648)	(33,913,266)	(26,562,222)
14. Net Investment Gain (Loss) (Line 11)	38,860,443	25,443,346	34,808,995	38,309,604	52,915,834
15. Total Other Income (Line 15)	(1,927,290)	4,218,482	748,200	2,257,979	(677,494)
16. Dividends to Policyholders (Line 17)	254,356	146,955	180,481	162,757	3,078,255
17. Federal and Foreign Income Taxes Incurred (Line 19)	12,705,488	(7,161,151)	(5,346,247)	1,251,615	(7,965,210)
18. Net Income (Line 20)	28,516,388	3,641,670	(2,968,687)	5,239,945	30,563,073
Balance Sheet Lines (Pages 2 and 3)					
19. Total Admitted Assets excluding Protected Cell (Page 2, Line 26, Col. 3)	1,273,655,012	836,078,410	761,369,364	778,132,718	723,886,954
20. Agents' Balances or Uncollected Premiums (Page 2, Col. 3)					
20.1 In Course of Collection (Line 10.1)	15,259,602	12,512,606	5,949,189	0	0
20.2 Deferred and not yet due (Line 10.2)	65,473,393	57,189,612	0	0	0
20.3 Accrued Retrospective Premiums (Line 10.3)	0	0	43,631	38,148	34,514
21. Total Liabilities excluding Protected Cell (Page 3, Line 24)	990,269,253	578,843,565	530,103,810	532,092,587	480,838,126
22. Losses (Page 3, Lines 1 and 2)	317,797,667	244,237,635	235,786,968	226,755,034	202,806,835
23. Loss Adjustment Expenses (Page 3, Line 3)	51,676,298	52,920,437	52,051,951	57,552,628	49,296,366
24. Unearned premiums (Page 3, Line 9)	164,678,989	144,844,870	135,167,438	125,508,137	101,025,508
25. Capital Paid Up (Page 3, Lines 28 & 29)	6,027,200	6,027,200	6,027,200	6,027,200	6,027,200
26. Surplus as Regards Policyholders (Page 3, Line 35)	283,385,759	257,234,845	231,265,554	246,040,131	243,048,828
Risk-Based Capital Analysis					
27. Total Adjusted Capital	283,385,759	257,234,845	231,265,554	246,040,131	243,048,828
28. Authorized Control Level Risk-Based Capital	51,114,924	50,665,357	51,769,553	46,164,535	43,403,271
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)	80.6	84.8	85.2	84.3	91.2
30. Stocks (Lines 2.1 & 2.2)	10.0	11.3	12.8	9.9	1.5
31. Mortgage Loans on Real Estate (Lines 3.1 and 3.2)	0.8	0.0	0.0	0.0	0.0
32. Real Estate (Lines 4.1, 4.2 & 4.3)	0.0	0.0	0.0	0.1	0.1
33. Cash and Short-Term Investments (Line 5)	8.6	3.9	1.9	5.7	7.2
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)	3,392,761	1,794,583	0	0	0
40. Affiliated Common Stocks (Schedule D, Summary, Line 53, Col. 2)	76,275,731	72,541,182	67,394,141	63,822,121	6,383,290
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	79,668,492	74,335,765	67,394,141	63,822,121	6,383,290
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)	28.1	28.9	29.1	25.9	2.6

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)	4,188,177	5,029,964	3,572,184	437,047	231,674
47. Dividends to Stockholders (Line 34)	0	0	0	0	0
48. Change in surplus as regards policyholders for the year (Line 37)	26,150,914	25,969,291	(14,774,577)	2,991,303	31,969,920
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)	546,590,379	520,761,433	525,920,003	446,716,568	581,989,850
50. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	219,462,127	258,553,236	263,236,530	154,333,862	104,721,104
51. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	185,667,782	201,391,189	181,047,753	145,721,543	130,283,923
52. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	22,685,494	22,955,401	20,244,713	18,014,330	29,511,751
53. Non-Proportional Reinsurance Lines (Lines 30, 31 & 32)	43,962	48,908	116,653	927,688	24,741,844
54. Total (Line 34)	974,449,744	1,003,710,167	990,565,653	765,713,991	871,248,472
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)	121,158,089	118,842,680	118,551,069	91,276,322	208,361,354
56. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	72,056,350	73,878,042	70,538,449	62,513,717	52,767,699
57. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	61,605,288	64,612,722	59,605,838	53,185,712	51,576,895
58. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	11,263,171	10,554,730	8,299,748	5,918,553	16,503,779
59. Non-Proportional Reinsurance Lines (Lines 30, 31 & 32)	43,962	48,908	116,653	927,688	24,741,844
60. Total (Line 34)	266,126,860	267,937,081	257,111,756	213,821,992	353,951,571
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)	58.6	67.9	73.1	66.4	65.3
63. Loss Expenses Incurred (Line 3)	11.3	11.9	11.3	13.0	15.0
64. Other Underwriting Expenses Incurred (Line 4)	29.1	28.5	28.1	30.2	27.9
65. Net Underwriting gain (loss) (Line 8)	1.0	(8.1)	(12.0)	(9.5)	(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)	28.2	26.7	26.7	27.5	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)	69.9	79.7	84.4	79.4	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)	162.6	162.0	161.6	155.4	137.3
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)	(15,886)	(214)	12,523	(9,250)	2,645
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)	(6.2)	(0.1)	5.1	(3.8)	1.3
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)	(9,485)	(920)	(1,968)	(3,563)	(10,347)
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)	(4.1)	(0.4)	(0.8)	(1.7)	(5.4)

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 74,598,103 2. Canada 0 3. Other Countries 0 4. Totals 74,598,103	79,388,055 0 0 79,388,055	76,198,656 0 0 76,198,656	74,000,000 0 0 74,000,000
States, Territories and Possessions (Direct and guaranteed)	5. United States 46,945,250 6. Canada 0 7. Other Countries 0 8. Totals 46,945,250	47,508,274 0 0 47,508,274	47,724,431 0 0 47,724,431	45,680,000 0 0 45,680,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States 34,797,426 10. Canada 0 11. Other Countries 0 12. Totals 34,797,426	35,282,947 0 0 35,282,947	35,363,832 0 0 35,363,832	34,425,000 0 0 34,425,000
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States 202,366,549 14. Canada 0 15. Other Countries 0 16. Totals 202,366,549	202,559,472 0 0 202,559,472	203,248,169 0 0 203,248,169	199,429,035 0 0 199,429,035
Public Utilities (unaffiliated)	17. United States 31,387,002 18. Canada 0 19. Other Countries 1,934,952 20. Totals 33,321,954	32,729,890 0 2,207,680 34,937,570	31,724,910 0 1,902,900 33,627,810	31,396,217 0 2,000,000 33,396,217
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States 234,065,128 22. Canada 4,430,005 23. Other Countries 14,267,167 24. Totals 252,762,300	240,874,732 4,726,000 15,181,431 260,782,163	235,060,581 4,404,425 14,243,252 253,708,258	232,447,408 4,500,000 14,070,000 251,017,408
Parent, Subsidiaries and Affiliates	25. Totals 0 26. Total Bonds 644,791,582	0 660,458,481	0 649,871,156	0 637,947,660
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 3,392,761 40. Total Preferred Stocks 3,392,761	3,392,778 3,392,778	1,794,579 1,794,579	
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 76,275,731 54. Total Common Stocks 76,275,731	76,275,731 76,275,731	63,060,701 63,060,701	
	55. Total Stocks 79,668,492 56. Total Bonds and Stocks 724,460,074	79,668,509 740,126,990	64,855,280 714,726,436	

(a) The aggregate value of bonds which are valued at other than actual fair value is \$423,272,686 .

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year 633,592,081	6. Foreign Exchange Adjustment:
2. Cost of bonds and stocks acquired, Column 6, Part 3 180,953,559	6.1 Column 17, Part 1 0
3. Increase (decrease) by adjustment:	6.2 Column 13, Part 2, Sec. 1 0
3.1 Column 16, Part 1 (2,434,411)	6.3 Column 11, Part 2, Sec. 2 0
3.2 Column 12, Part 2, Sec. 1 1,598,178	6.4 Column 11, Part 4 0
3.3 Column 10, Part 2, Sec. 2 3,744,549	7. Book/adjusted carrying value at end of current period 724,460,074
3.4 Column 10, Part 4 124,197	8. Total valuation allowance 0
4. Total gain (loss), Col. 14, Part 4 780,461	9. Subtotal (Lines 7 plus 8) 724,460,074
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4 93,898,539	10. Total nonadmitted amounts 0
	11. Statement value of bonds and stocks, current period 724,460,074

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE SCOTTSDALE INSURANCE 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	3,246	1,744	1,066	748	2,142	122	170	3,841	XXX
2. 1993	360,913	74,780	286,133	218,244	41,753	20,051	6,064	24,112	237	6,536	214,353	XXX
3. 1994	354,166	65,968	288,198	224,685	34,094	19,934	5,717	26,257	218	7,421	230,848	XXX
4. 1995	367,641	66,422	301,219	224,146	33,412	17,592	4,377	29,253	301	7,702	232,901	XXX
5. 1996	372,611	54,953	317,658	251,766	30,761	17,072	3,381	33,844	421	8,163	268,119	XXX
6. 1997	375,780	53,692	322,088	225,243	28,639	16,383	3,012	31,334	515	8,855	240,795	XXX
7. 1998	385,734	52,191	333,543	242,029	28,775	14,079	2,705	31,338	1,499	9,464	254,468	XXX
8. 1999	386,512	28,604	357,908	248,136	22,649	10,037	1,989	26,967	512	10,129	259,990	XXX
9. 2000	405,428	41,286	364,141	249,824	15,154	7,543	1,536	32,491	424	10,996	272,744	XXX
10. 2001	444,700	37,606	407,094	232,990	9,877	4,229	490	33,032	293	11,396	259,591	XXX
11. 2002	484,850	43,866	440,984	172,077	6,755	1,375	116	27,135	145	7,129	193,570	XXX
12. Totals	XXX	XXX	XXX	2,292,387	253,615	129,362	30,133	297,907	4,688	87,960	2,431,220	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.	31,464	18,436	11,241	5,787	656	422	2,636	1,418	1,689	106	129	21,517	XXX
2.	2,239	966	1,552	746	434	400	1,019	571	94	81	59	2,574	XXX
3.	1,979	499	1,648	850	375	318	620	282	250	223	105	2,701	XXX
4.	3,225	1,354	1,608	655	462	362	556	218	304	231	165	3,335	XXX
5.	2,950	750	1,249	291	333	179	779	133	138	62	240	4,035	XXX
6.	6,677	2,549	1,748	856	505	284	1,247	148	207	94	343	6,451	XXX
7.	8,352	2,408	2,720	1,299	806	435	1,926	458	316	121	503	9,399	XXX
8.	13,190	2,645	5,002	3,087	1,178	406	3,275	618	513	187	667	16,216	XXX
9.	23,557	3,571	10,215	315	2,052	579	5,396	(192)	1,224	115	485	38,058	XXX
10.	34,020	3,085	19,902	3,902	2,130	444	8,797	1,156	2,498	174	1,994	58,587	XXX
11.	59,958	4,452	57,111	6,618	1,841	247	12,996	1,754	6,772	314	6,985	125,292	XXX
12. Totals	187,612	40,714	113,998	24,407	10,772	4,076	39,247	6,565	14,007	1,708	11,676	288,165	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	18,483	3,034
2.	267,745	50,818	216,927	74.2	68.0	75.8	0	0	4.0	2,079	495
3.	275,749	42,200	233,549	77.9	64.0	81.0	0	0	4.0	2,279	422
4.	277,147	40,911	236,236	75.4	61.6	78.4	0	0	4.0	2,825	510
5.	308,133	35,979	272,154	82.7	65.5	85.7	0	0	4.0	3,158	877
6.	283,344	36,098	247,246	75.4	67.2	76.8	0	0	4.0	5,020	1,432
7.	301,568	37,701	263,866	78.2	72.2	79.1	0	0	4.0	7,365	2,033
8.	308,297	32,091	276,206	79.8	112.2	77.2	0	0	4.0	12,460	3,756
9.	332,303	21,502	310,802	82.0	52.1	85.4	0	0	4.0	29,887	8,171
10.	337,598	19,420	318,178	75.9	51.6	78.2	0	0	4.0	46,934	11,652
11.	339,265	20,402	318,863	70.0	46.5	72.3	0	0	4.0	105,999	19,294
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	236,488	51,676

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 INSURANCE 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	245,582	247,369	275,209	276,808	273,874	273,903	269,557	271,111	271,201	272,915	1,714	1,804
2. 1993	207,158	200,615	196,204	194,976	193,136	193,153	192,962	193,339	192,811	193,038	227	(301)
3. 1994	XXX	213,511	210,314	208,140	207,341	207,635	207,352	208,092	207,644	207,482	(162)	(610)
4. 1995	XXX	XXX	211,813	210,970	206,899	207,652	206,805	207,652	207,177	207,211	34	(441)
5. 1996	XXX	XXX	XXX	241,665	237,528	239,870	239,249	240,671	239,154	238,654	(499)	(2,016)
6. 1997	XXX	XXX	XXX	XXX	219,409	218,620	218,699	219,630	217,301	216,314	(987)	(3,316)
7. 1998	XXX	XXX	XXX	XXX	XXX	239,902	236,861	238,273	235,846	233,833	(2,013)	(4,440)
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	253,510	258,751	252,942	249,424	(3,518)	(9,326)
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	268,464	281,692	277,625	(4,067)	9,161
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	289,730	283,114	(6,616)	XXX
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	285,415	XXX	XXX
12. Totals											(15,886)	(9,485)

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	62,608	103,819	113,677	136,305	238,836	243,154	248,790	251,160	252,981	XXX	XXX
2. 1993	84,584	127,281	149,367	164,012	172,777	184,923	186,870	189,124	189,775	190,478	XXX	XXX
3. 1994	XXX	97,836	142,161	163,591	178,772	195,051	198,725	202,201	203,806	204,808	XXX	XXX
4. 1995	XXX	XXX	100,784	148,535	167,535	189,736	195,703	200,361	202,542	203,949	XXX	XXX
5. 1996	XXX	XXX	XXX	130,227	177,604	209,455	219,482	228,165	232,027	234,695	XXX	XXX
6. 1997	XXX	XXX	XXX	XXX	110,052	170,783	184,057	198,259	205,743	209,976	XXX	XXX
7. 1998	XXX	XXX	XXX	XXX	XXX	149,358	184,328	204,570	217,195	224,629	XXX	XXX
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	146,494	199,481	220,344	233,535	XXX	XXX
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	158,773	218,503	240,677	XXX	XXX
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	168,938	226,852	XXX	XXX
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	166,581	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	111,123	79,178	82,576	85,312	79,128	9,785	9,443	7,685	6,289	6,672
2. 1993	77,295	39,970	23,210	14,435	9,246	3,162	2,551	1,874	1,315	1,253
3. 1994	XXX	68,626	34,272	20,553	12,185	4,460	3,280	2,527	1,665	1,136
4. 1995	XXX	XXX	65,122	31,740	18,773	6,815	4,155	3,020	2,008	1,291
5. 1996	XXX	XXX	XXX	65,340	30,665	13,605	7,674	5,052	3,017	1,605
6. 1997	XXX	XXX	XXX	XXX	65,051	24,616	13,684	7,823	4,434	1,990
7. 1998	XXX	XXX	XXX	XXX	XXX	51,318	23,553	13,643	7,264	2,888
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	50,925	24,775	12,814	4,573
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	62,085	30,015	15,488
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	64,949	23,642
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	61,734

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	No	15,167,496	14,633,843	0	9,296,799	8,180,024	17,895,603	0	3,959
2. Alaska	AK	No	3,063,534	2,417,495	0	79,625	359,419	1,583,131	0	0
3. Arizona	AZ	Yes	9,488,834	8,968,926	0	7,450,209	7,021,593	5,982,156	0	116,441
4. Arkansas	AR	No	6,198,135	5,250,697	0	1,075,663	1,587,706	3,760,990	0	0
5. California	CA	No	153,172,856	130,984,643	0	56,450,454	52,894,012	135,386,491	0	765,654
6. Colorado	CO	No	12,376,051	10,238,624	0	2,327,824	868,426	5,578,158	0	104,654
7. Connecticut	CT	No	8,462,097	7,024,395	0	3,154,216	2,485,669	6,379,835	0	3,424
8. Delaware	DE	Yes	510,446	454,042	0	21,086	252,651	350,326	0	0
9. District of Columbia	DC	No	2,032,783	1,756,437	0	406,218	3,548,747	4,066,440	0	11,359
10. Florida	FL	No	106,010,622	92,699,623	0	29,858,847	32,013,730	75,393,362	0	79,554
11. Georgia	GA	No	22,651,861	21,285,100	0	7,529,810	10,006,669	17,331,349	0	29,137
12. Hawaii	HI	No	6,371,074	5,761,414	0	974,521	1,399,282	4,294,837	0	4,654
13. Idaho	ID	No	2,943,638	2,785,812	0	529,764	1,122,227	1,989,625	0	0
14. Illinois	IL	No	26,877,498	23,358,926	0	11,029,745	13,480,634	26,778,702	0	38,508
15. Indiana	IN	No	16,519,643	14,064,518	0	3,617,217	6,284,512	9,813,351	0	49,612
16. Iowa	IA	No	5,457,033	4,783,006	0	1,237,383	1,163,659	2,443,921	0	0
17. Kansas	KS	No	6,068,396	6,090,506	0	1,165,884	1,776,338	4,293,472	0	7,524
18. Kentucky	KY	No	5,056,225	4,645,042	0	1,921,902	2,777,441	4,615,862	0	0
19. Louisiana	LA	No	42,253,156	37,621,828	0	18,431,929	30,538,792	57,685,153	0	247,499
20. Maine	ME	No	1,634,440	1,406,465	0	329,880	363,278	921,439	0	4,998
21. Maryland	MD	No	10,596,923	9,153,406	0	3,925,280	4,508,928	7,158,979	0	18,489
22. Massachusetts	MA	No	16,239,768	13,440,775	0	3,913,493	4,597,538	12,946,025	0	26,060
23. Michigan	MI	No	13,209,334	11,031,704	0	6,422,723	7,548,211	12,570,083	0	3,765
24. Minnesota	MN	No	11,762,201	9,607,207	0	1,915,513	4,280,125	7,538,453	0	10,126
25. Mississippi	MS	No	12,279,616	9,823,405	0	5,429,651	8,229,428	12,407,333	0	0
26. Missouri	MO	No	14,764,561	14,158,641	0	7,706,196	1,840,310	10,021,901	0	20,872
27. Montana	MT	No	2,685,335	2,391,240	0	967,958	237,586	1,172,469	0	0
28. Nebraska	NE	No	3,997,623	3,670,550	0	1,344,031	1,060,764	2,451,592	0	922
29. Nevada	NV	No	5,329,842	4,922,719	0	9,331,683	4,497,528	3,710,194	0	2,082
30. New Hampshire	NH	No	1,680,520	1,409,119	0	197,505	310,086	693,168	0	11,138
31. New Jersey	NJ	No	46,925,049	45,112,242	0	27,047,893	28,767,393	50,086,742	0	33,551
32. New Mexico	NM	No	5,383,263	4,594,494	0	2,952,331	1,285,603	3,208,616	0	18,982
33. New York	NY	No	46,576,407	36,281,279	0	9,735,732	14,727,933	31,071,776	0	97,945
34. North Carolina	NC	No	15,959,781	15,371,155	0	4,992,638	6,797,136	12,449,456	0	27,036
35. North Dakota	ND	No	960,145	871,698	0	24,692	131,113	601,537	0	3,963
36. Ohio	OH	Yes	7,156,461	6,140,094	0	4,215,668	(1,534,406)	7,348,905	0	25,680
37. Oklahoma	OK	No	10,294,064	9,965,713	0	15,312,577	16,874,150	8,542,209	0	0
38. Oregon	OR	No	12,377,324	10,712,813	0	1,446,517	3,506,827	7,412,709	0	47,660
39. Pennsylvania	PA	No	18,386,764	16,286,667	0	14,969,204	7,219,327	21,194,933	0	37,954
40. Rhode Island	RI	No	3,056,208	2,776,054	0	905,574	496,307	1,593,132	0	878
41. South Carolina	SC	No	11,655,817	10,727,613	0	5,378,417	6,008,054	8,791,620	0	1,596
42. South Dakota	SD	No	1,137,382	914,060	0	78,554	9,375	274,268	0	2,216
43. Tennessee	TN	No	9,441,376	8,635,165	0	3,499,717	2,180,120	8,276,162	0	27,059
44. Texas	TX	No	102,133,663	86,887,589	0	41,134,434	32,742,085	91,786,236	0	71,587
45. Utah	UT	No	3,778,387	3,466,867	0	939,855	344,718	2,904,167	0	23,717
46. Vermont	VT	No	756,211	670,636	0	10,339	978,843	3,369,780	0	13,872
47. Virginia	VA	No	10,829,349	10,245,775	0	2,499,400	2,656,239	7,669,392	0	14,406
48. Washington	WA	No	25,185,499	22,729,314	0	6,113,955	7,524,076	12,684,750	0	23,640
49. West Virginia	WV	No	3,975,055	4,118,099	0	1,336,642	1,534,675	3,284,799	0	8,959
50. Wisconsin	WI	No	4,527,070	3,978,594	0	588,971	2,908,575	5,310,117	0	9,782
51. Wyoming	WY	No	760,314	678,810	0	84,886	70,294	225,471	0	0
52. American Samoa	AS	No	0	0	0	0	0	0	0	0
53. Guam	GU	No	0	0	0	0	0	0	0	0
54. Puerto Rico	PR	No	5,220	5,658	0	0	862	669	0	0
55. U.S. Virgin Islands	VI	No	0	0	0	0	0	0	0	0
56. Canada	CN	No	0	0	0	0	0	0	0	0
57. Aggregate Other Aliens	OT	XXX	0	0	0	0	0	0	0	0
58. Totals	(a) 3		886,122,350	777,010,497	0	341,311,005	350,464,612	745,301,846	0	2,050,914
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	0
5799. Totals (Lines 5701 thru 5703 plus 5798)(Line 57 above)	XXX		0	0	0	0	0	0	0	0

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

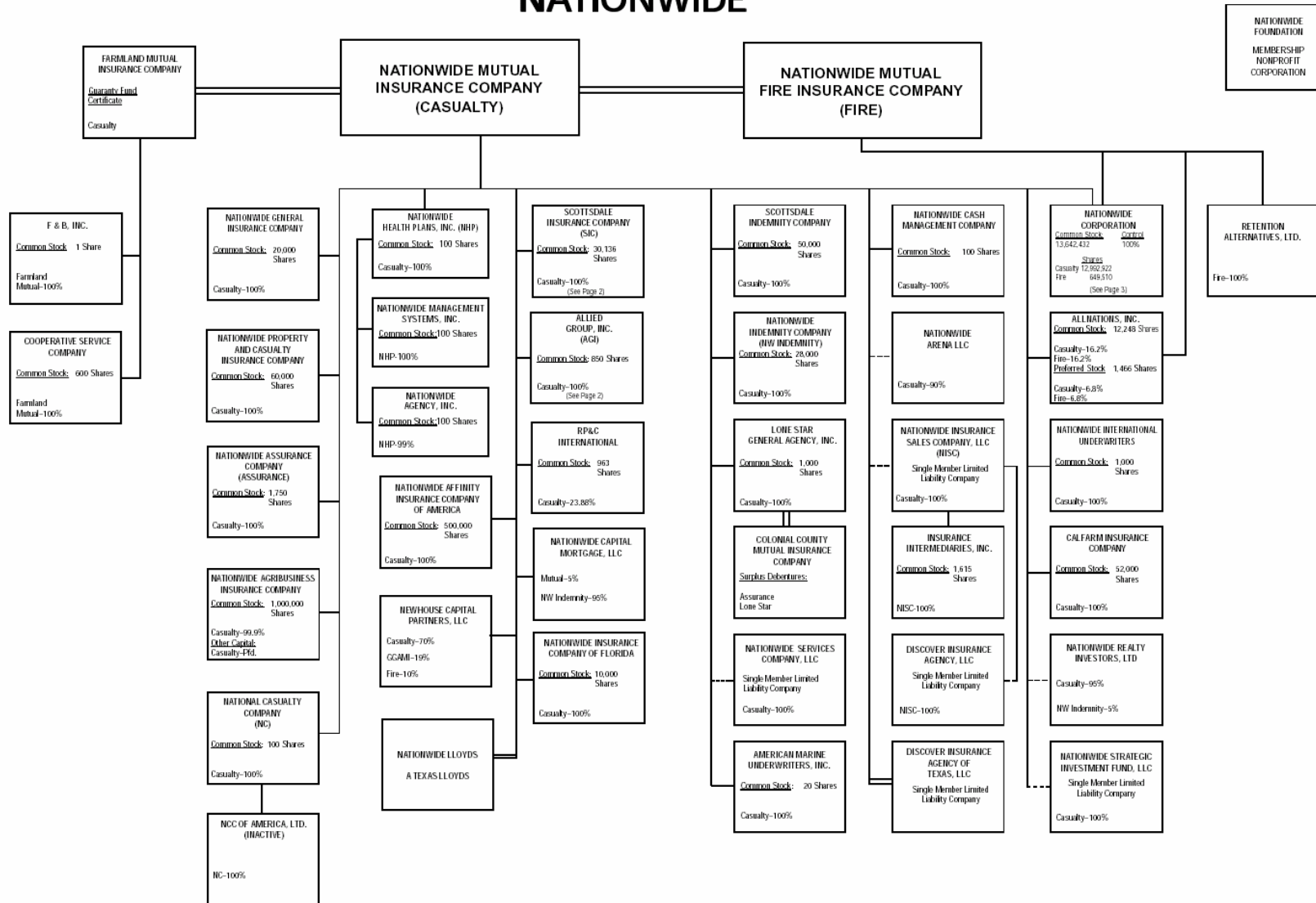
Explanation of basis of allocation of premiums by states, etc.
According to location of risk.

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®



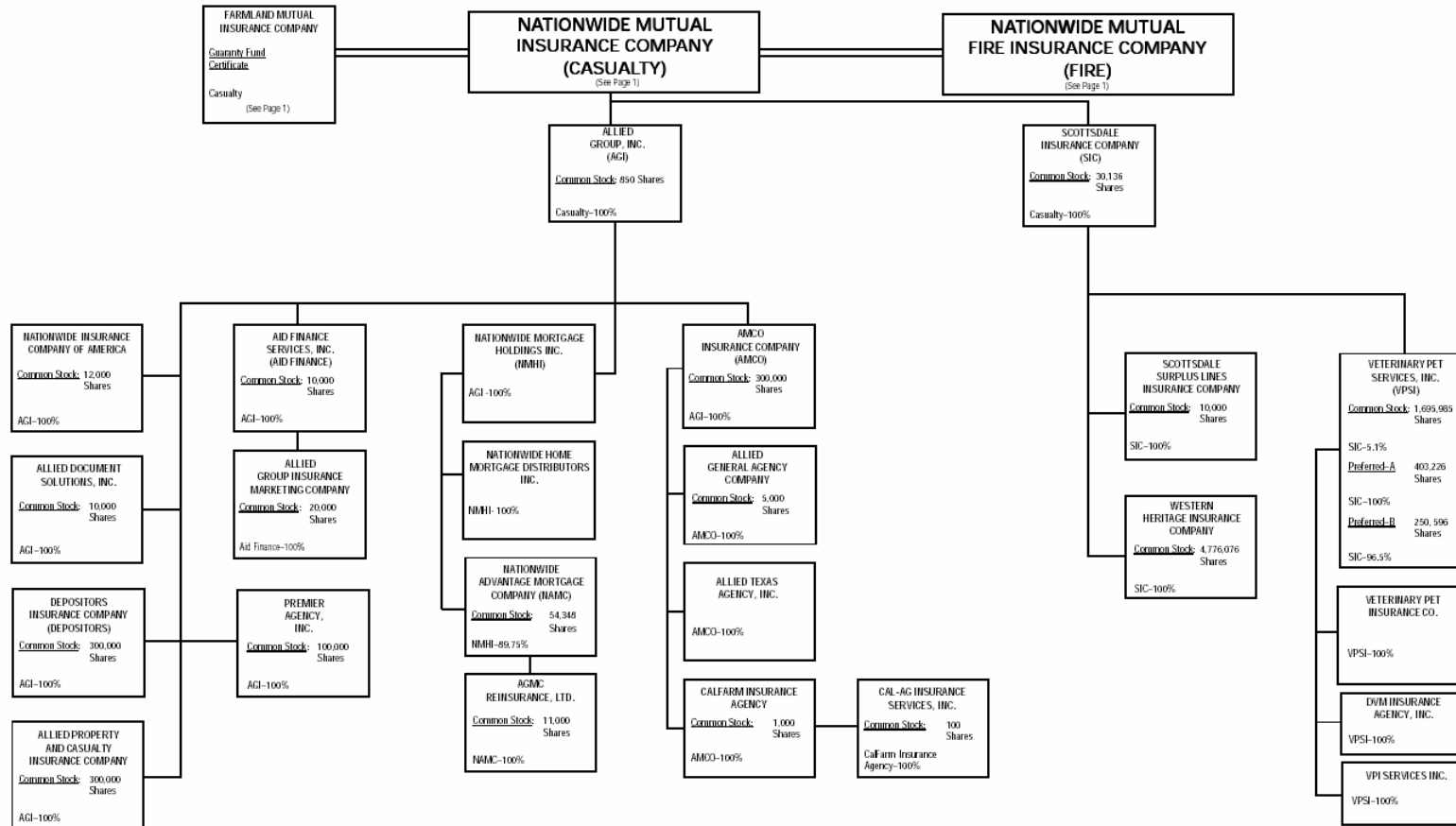
Subsidiary Companies — Solid Line
 Contractual Association — Double Line
 Limited Liability Company — Dotted Line

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

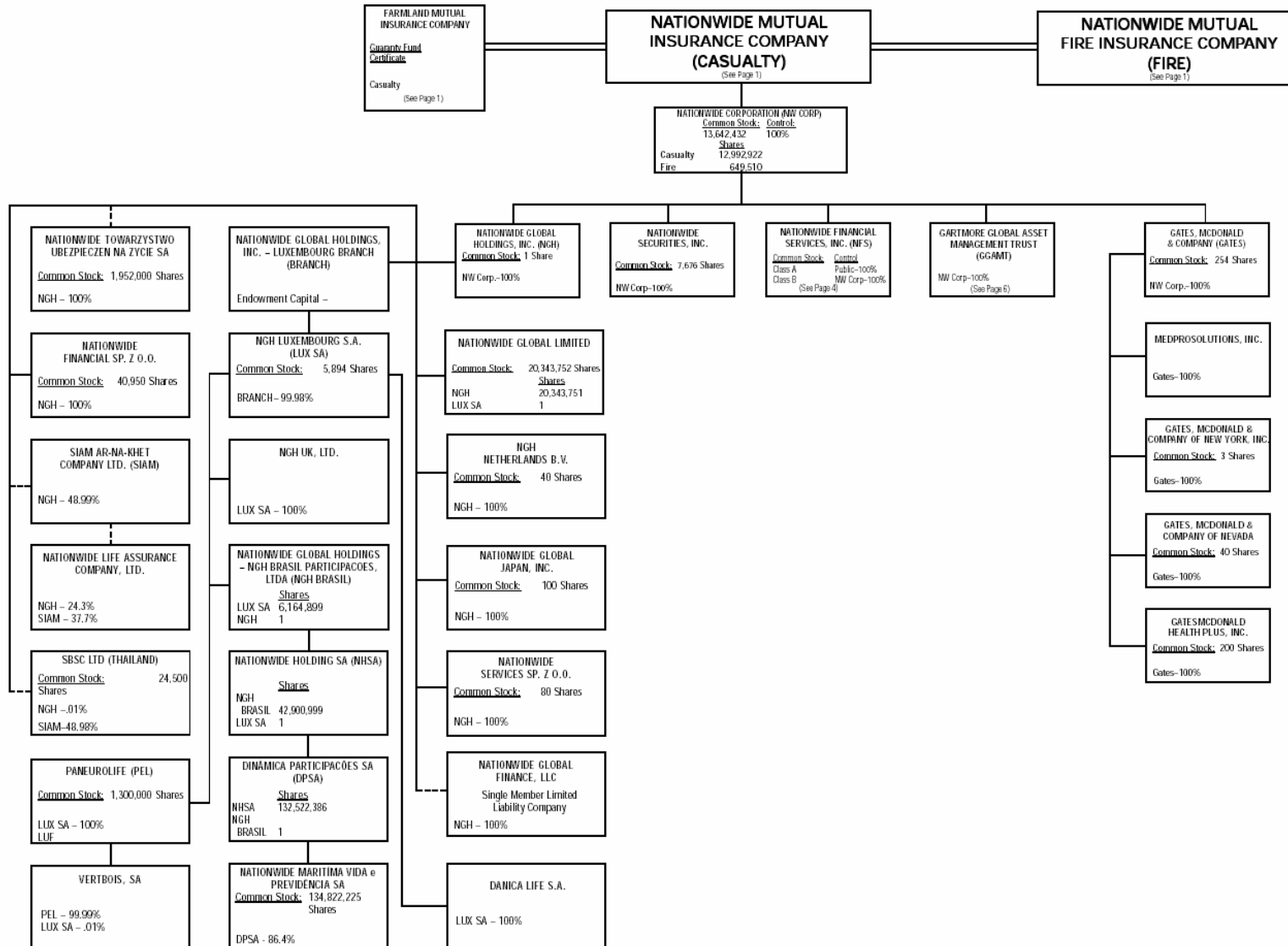
Subsidiary Companies — Solid Line
 Contractual Association — Double Line
 Limited Liability Company — Dotted Line

December 31, 2002

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

PART 1 - ORGANIZATIONAL CHART

NATIONWIDE®

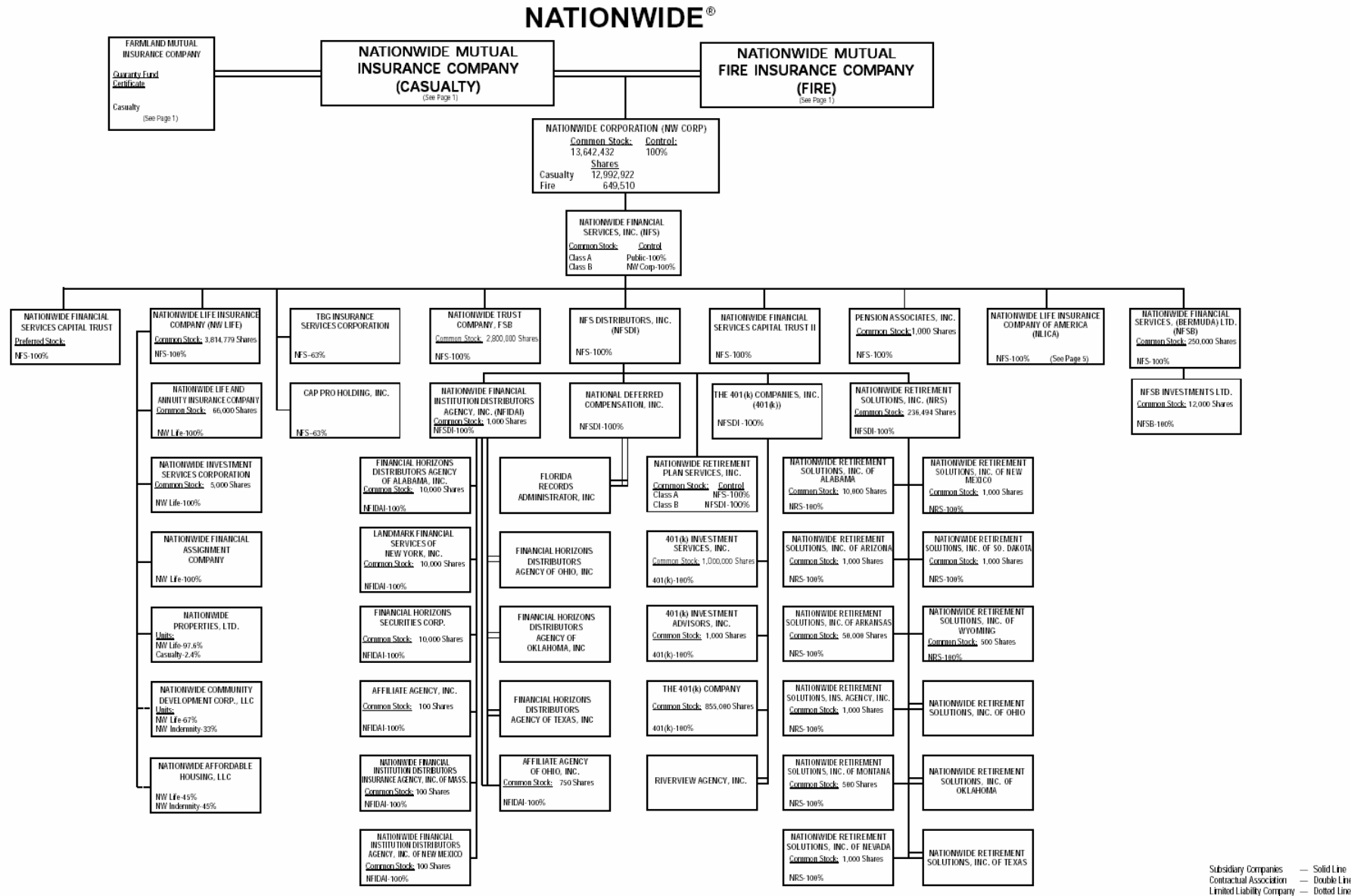


Subsidiary Companies — Solid Line
 Contractual Association — Double Line
 Limited Liability Company — Dotted Line

December 31, 2002

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

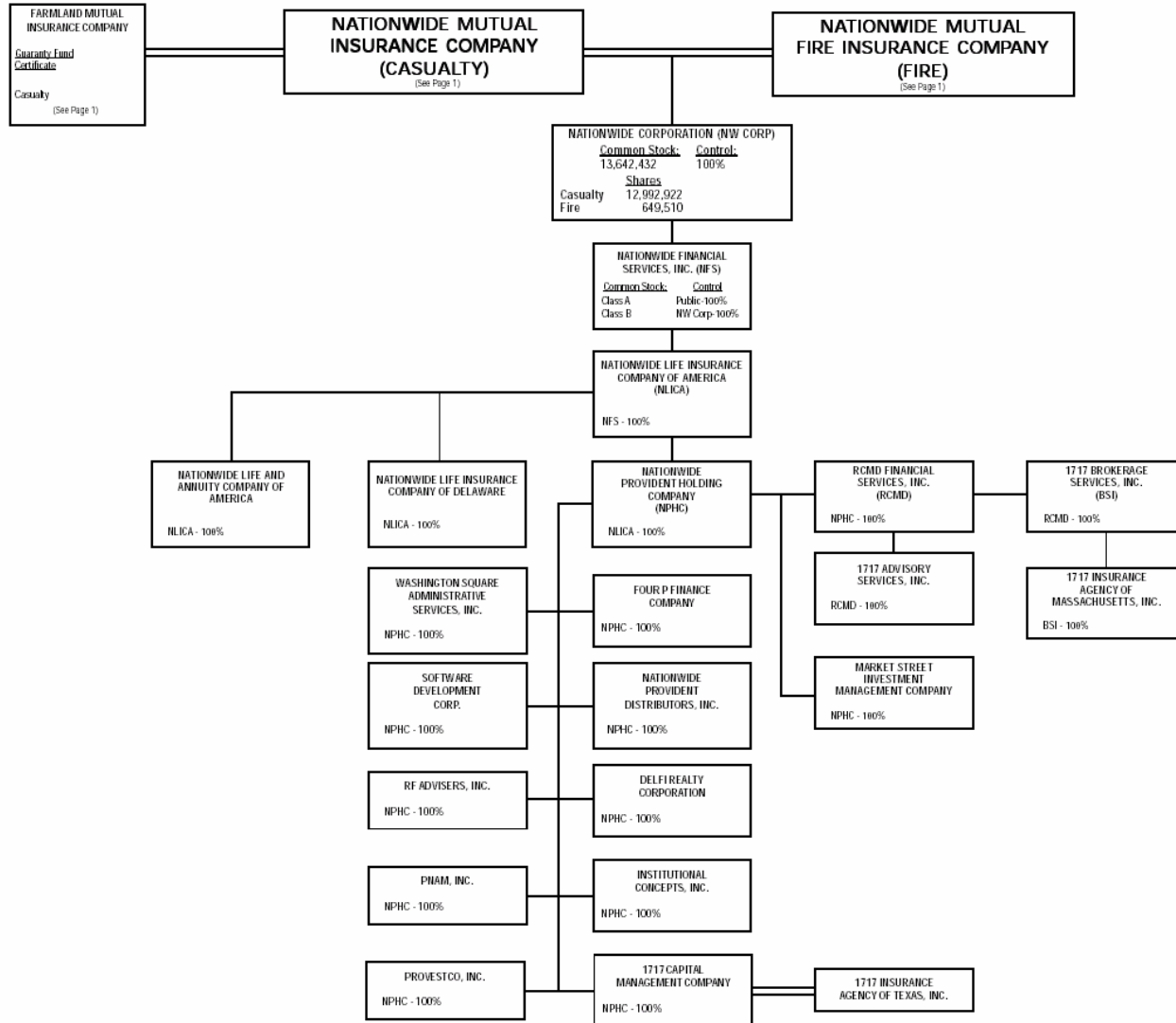
PART 1 - ORGANIZATIONAL CHART



109.4

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

NATIONWIDE®

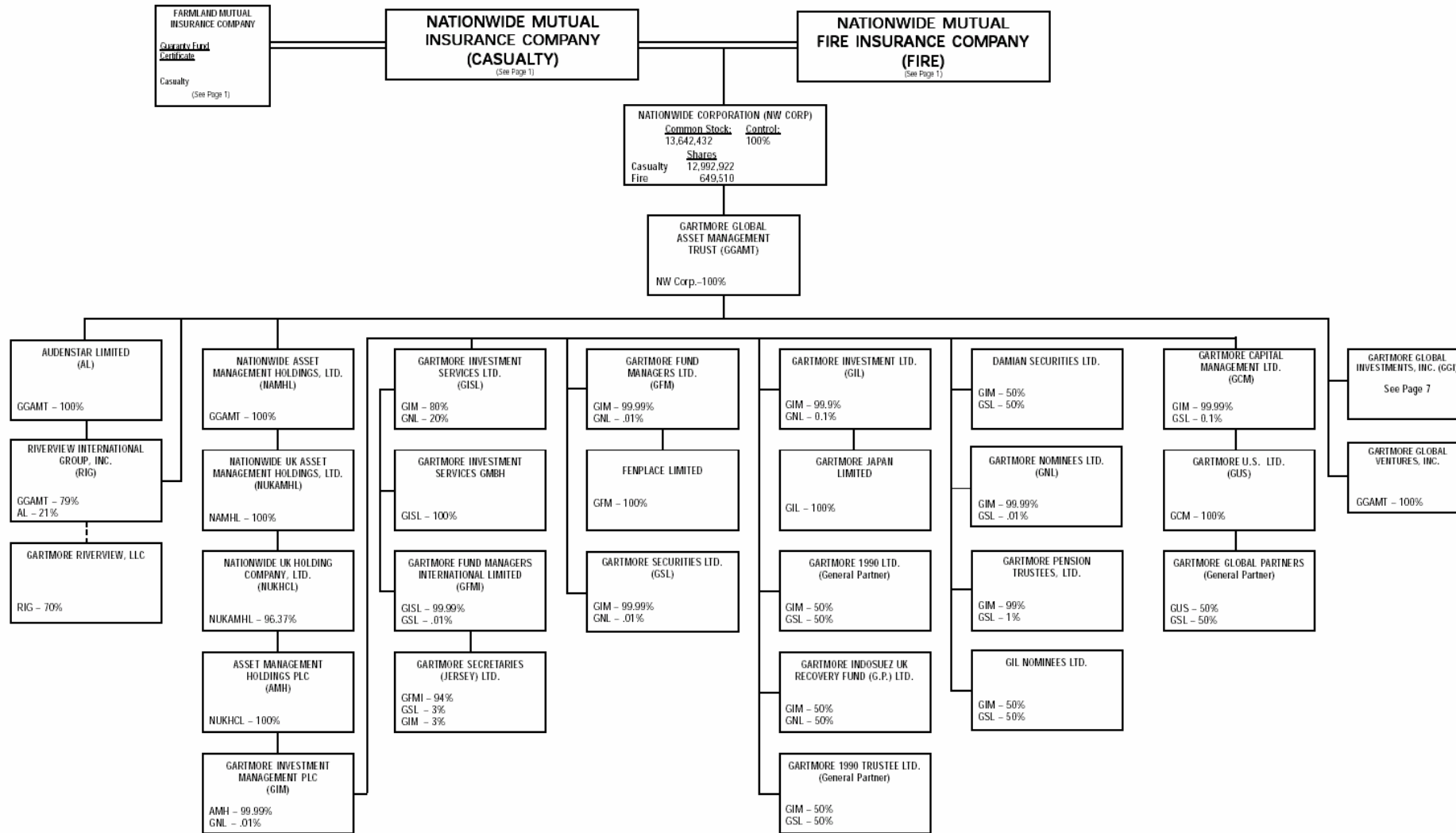


109.5

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®

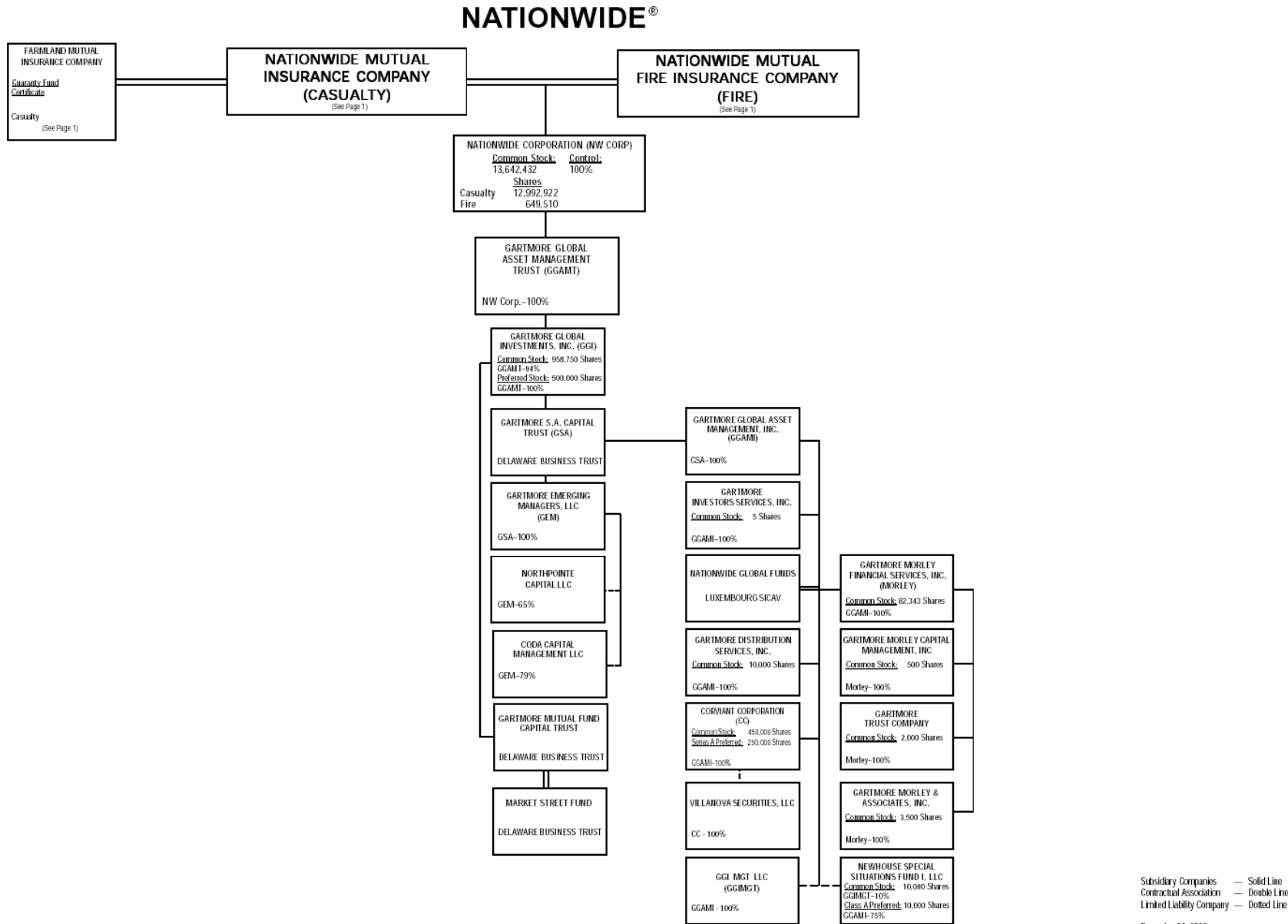


109.6

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

December 31, 2002

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



December 31, 2002

109.7