



PROPERTY AND CASUALTY COMPANIES - ASSOCIATION EDITION

ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2011
OF THE CONDITION AND AFFAIRS OF THE

Crestbrook Insurance Company

NAIC Group Code	0140 (Current)	0140 (Prior)	NAIC Company Code	18961	Employer's ID Number	68-0066866
Organized under the Laws of	Ohio			State of Domicile or Port of Entry		Ohio
Country of Domicile	United States of America					
Incorporated/Organized	07/09/1985			Commenced Business		06/05/1985
Statutory Home Office	One West Nationwide Blvd. (Street and Number)			Columbus , OH 43215-2220 (City or Town, State and Zip Code)		
Main Administrative Office	One West Nationwide Blvd. (Street and Number)					
	Columbus , OH 43215-2220 (City or Town, State and Zip Code)			614-249-7111 (Area Code) (Telephone Number)		
Mail Address	One West Nationwide Blvd., 1-04-701 (Street and Number or P.O. Box)			Columbus , OH 43215-2220 (City or Town, State and Zip Code)		
Primary Location of Books and Records	One West Nationwide Blvd., 1-04-701 (Street and Number)					
	Columbus , OH 43215-2220 (City or Town, State and Zip Code)			614-249-1545 (Area Code) (Telephone Number)		
Internet Website Address	www.nationwide.com					
Statutory Statement Contact	Arlene E. Swanson (Name)			614-249-1545 (Area Code) (Telephone Number)		
	FinRpt@nationwide.com (E-mail Address)			866-315-1430 (FAX Number)		

OFFICERS

President & COO	Wesley Kim Austen	VP & Treasurer	Carol Lynn Dove
VP & Secretary	Robert William Horner III		

OTHER

Pamela Ann Biesecker	Sr VP-Head of Taxation	
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DIRECTORS OR TRUSTEES

David Gerard Arango	Wesley Kim Austen	Mark Allen Berven
Michael Patrick Leach	Michael Allen Lex	

State of	Ohio	SS:
County of	Franklin	

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

Wesley Kim Austen President & COO	Robert William Horner III VP & Secretary	Carol Lynn Dove VP & Treasurer
Subscribed and sworn to before me this		a. Is this an original filing?
day of January , 2012		b. If no,
		1. State the amendment number.....
		2. Date filed
		3. Number of pages attached.....

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

A. Accounting Practices

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

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

Federal Income Taxes. The Company's parent, Nationwide Mutual Insurance Company (Mutual), files a consolidated federal income tax return, which includes all eligible U.S. affiliates. In this regard, the included subsidiaries pay to Mutual, the amount which would have been payable on a separate return basis without regard to the alternative minimum tax. Mutual pays tax due on a consolidated basis.

The Company provides for federal income taxes based on amounts the Company believes it will ultimately owe. Inherent in the provision for federal income taxes are estimates regarding the deductibility of certain expenses and the realization of certain tax credits. In the event the ultimate deductibility of certain expenses or the realization of certain tax credits differs from estimates, the Company may be required to change the provision for federal income taxes recorded in the financial statements which could be significant. Management has used best estimates to establish reserves based on current facts and circumstances regarding tax exposure items where the ultimate deductibility is open to interpretation.

In accordance with guidance specified in the NAIC SAP, the Company utilizes the asset and liability method of accounting for taxes. Under this method, deferred tax assets, net of any non-admitted portion, and deferred tax liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The change in deferred taxes is charged directly to surplus.

Reinsurance Recoverables. In the normal course of business, the Company reinsures, or cedes, a portion of its insurance risks with other companies in order to reduce net liability on individual risks, to provide protection against the potential impact of large losses, and to obtain greater diversification of risks. The ceding of risk, however, does not discharge the Company from its primary obligation to the policyholder. Reinsurance recoverables include amounts billed to reinsurers on losses paid. Estimates of amounts expected to be recovered from reinsurers that have not yet been paid on unpaid losses are estimated in a manner consistent with the claim liability associated with the underlying policy and are recorded as reductions in total loss and loss adjustment expense (LAE) reserves. Such reinsurance recoverables and reserve reductions partially offset claim costs in the Company's statutory statements of operations and are included as an offset to losses and LAE's in the accompanying statutory statements of admitted assets, liabilities and surplus. The Company regularly evaluates and monitors the financial condition of its reinsurers under voluntary reinsurance arrangements to minimize its exposure to significant losses from reinsurer insolvencies. There are no contracts using deposit accounting as of December 31, 2011 and 2010.

Statutory accounting principles require recognition of a minimum liability for certain unsecured or overdue reinsurance recoverables (100% for unsecured unauthorized reinsurance and up to 20% recoverables from certain reinsurers more than 90 days overdue on their payments). As of December 31, 2011 and 2010, the Company had no provision related to conditional reinsurance recoverables.

In addition, the Company uses the following accounting policies:

1. Short-term investments are carried at amortized cost, which approximates fair value. Short-term investment transactions are recorded on trade date. Interest income is recognized when earned.
2. Bonds, excluding loan-backed and structured securities, are stated at amortized cost except those with a NAIC designation of "3" or below which are stated at the lower of amortized cost or fair value. Bond transactions are recorded on trade date, with the exception of private placement bonds, which are recorded on settlement date. Amortization of purchase premiums and discounts is calculated using the effective yield method. Realized gains and losses are determined on a specific identification basis. For bonds for which active market quotations are available, the Company generally uses independent pricing services to assist in determining the fair value.

Management regularly reviews its bond portfolio to evaluate the necessity of recording impairment losses for other-than-temporary declines in fair value. Many criteria may be considered in this review process including, but not limited to, the timing and amount of cash flows, the ability of the issuer to meet its obligations, financial prospects of the issuer, quality of any underlying collateral, current relevant economic conditions that may impact issuers, severity of the decline in fair value, the Company's intent to sell or the intent and ability to hold the security until its value recovers. For bonds (excluding loan-backed and structured securities) determined to be other-than-temporarily impaired, the cost basis is written down to fair value and the amount of the write-down is recorded as a realized loss.

3. Common stocks, other than investments in stocks of subsidiaries and affiliates (see Note C. 7 below), are stated at fair value. Common stock transactions are recorded on trade date. Realized gains and losses are determined on a specific identification basis. Dividends are recognized when declared. For marketable stocks for which active market quotations are available, the Company generally uses independent pricing services to assist in determining the fair value.
4. Preferred stocks redeemable at par and rated investment grade are stated at amortized cost. Perpetual preferred stocks rated investment grade are stated at fair value. Non-investment grade preferred stocks are stated at the lower of amortized value or fair value. Preferred stock transactions are recorded on trade date. Realized gains and losses are determined on a specific identification basis. Interest income is recognized when earned while dividends are recognized when declared. Preferred stocks not carried at fair value, which are in an unrealized loss position, are evaluated for impairment based on the timing of any anticipated recovery in value and the length of time in a loss position. For declines in value considered to be other-than-temporary, a realized loss to fair value is recorded. For

NOTES TO FINANCIAL STATEMENTS

marketable preferred stocks, for which active market quotations are available, the Company generally uses independent pricing services to assist in determining the fair value.

5. Mortgage loans are carried at the unpaid principal balance adjusted for premiums, discounts and certain deferred loan origination and commitment fees, less a valuation allowance. The valuation allowance for mortgage loans reflects management's best estimate of probable credit losses. Management's periodic evaluation of the adequacy of the valuation allowance for losses is based on past loan loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of the underlying collateral, current economic conditions, composition of the loan portfolio and other relevant factors. The Company maintains a valuation allowance for estimated credit losses on mortgage loans which is comprised of specific and non-specific reserves.

Specific reserves for impaired mortgage loans established based on a review by portfolio managers. Mortgage loans are considered impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement. When management determines that a loan is impaired, a provision for loss is established equal to either the difference between the carrying value and the present value of expected future cash flows discounted at the loan's effective interest rate or the fair value of the collateral if the loan is collateral dependent.

The non-specific reserve is established for probable losses inherent in the mortgage loan portfolio as of the balance sheet date but not yet specifically identified. The non-specific reserve is based on past loan loss experience, inherent risks in the portfolio, current economic conditions, composition of the loan portfolio and other relevant factors.

Changes in the non-specific reserve are recorded directly in surplus, while changes in the specific reserves are recorded in realized losses.

6. Loan-backed and structured securities (collectively, loan-backed securities) are stated at amortized cost except those with an initial NAIC designation of "3" or below which are stated at the lower of amortized cost or fair value. Amortization of purchase premiums and discounts is calculated using the effective yield method. The Company periodically updates its estimates of cash flows, including new prepayment assumptions, for loan-backed securities. The retrospective adjustment method is used to value loan-backed securities where the collection of all contractual cash flows is probable. For loan-backed securities where the collection of all contractual cash flows is not probable, the Company, (a) recognizes the accretible yield over the life of the loan backed security as determined at the acquisition or transaction date, (b) continues to estimate cash flows expected to be collected at least quarterly, and (c) recognizes an other-than-temporary impairment loss if the loan-backed security is impaired (i.e., the fair value is less than the amortized cost basis) and there is a decrease in the cash flows expected to be collected. If the Company intends to sell an impaired loan-backed security or does not have the intent and ability to retain the impaired loan-backed security for a period of time sufficient to recover the amortized cost basis, an other-than-temporary impairment has occurred. In these situations, the other-than-temporary impairment loss recognized is the difference between the amortized cost basis and fair value. If the Company does not expect to recover the entire amortized cost basis when compared to the present value of cash flows expected to be collected, it cannot assert that it has the ability to recover the loan-backed security's amortized cost basis even though it has no intention to sell and has the intent and ability to retain the loan-backed security. Therefore an other-than-temporary impairment has occurred and a realized loss is recognized for the non-interest related decline, which is calculated as the difference between the loan-backed security's amortized cost basis and the present value of cash flows expected to be collected.

For situations where an other-than-temporary impairment is recognized, the previous amortized cost basis less the other-than-temporary impairment recognized as a realized loss becomes the new cost basis.

Loan-backed security transactions are recorded on the trade date. Realized gains and losses are determined on a specific identification basis. For loan-backed securities for which active market quotations are available, the Company generally uses independent pricing services to assist in determining the fair value.

7. Investments in subsidiary and affiliated companies are stated as follows:

Not applicable.

8. Investments in joint ventures and partnerships are accounted for using the equity method of accounting. Changes in carrying value as a result of the equity method are reflected as net unrealized capital gains and losses as a direct adjustment to surplus. Realized gains and losses are generally recognized through income at the time of disposal or when operating distributions are received. Management reviews the portfolio for the need to record impairments based on the expected ability to recover unrealized losses and the intent to hold the investment until recovery. The reviews include evaluating the current and expected earnings of the individual investments. Other-than-temporary impairment losses are recorded on other invested assets when indicators of impairment are present and are charged to net realized gains and losses.

9. Accounting for derivatives

Not applicable.

10. Insurance premiums are generally earned ratably over the policy term. The liability for unearned premiums represents the portion of premiums written relating to the unexpired terms of coverage. Such reserves are computed by pro rata methods for direct business and are based on reports received from ceding companies for reinsurance assumed. Premiums in course of collection represent agent balances and uncollected premiums from policyholders for current policies in force and policy premiums assumed from others, including amounts placed with affiliates. As of December 31, 2011 and 2010, the Company had no liabilities related to premium deficiency reserves. The Company includes anticipated investment income when calculating its premium deficiency reserves, in accordance with SSAP No. 53, Property-Casualty Contracts – Premiums.

11. The Company establishes losses and loss expense reserves for reported claims and claims incurred but not yet reported. Estimating the liability for losses and loss expense reserves involves significant judgment and multiple assumptions. Management considers the Company's experience with similar claims, historical trends, economic factors and judicial, legislative and regulatory changes in establishing reserves. The Company's losses and loss expense reserves are recorded net of reinsurance and amounts expected to be received from salvage (the amount recovered from property after the Company pays for a total loss) and subrogation (the right to recover payments from third parties).

Assumptions and estimates for losses and loss expense reserves are updated as new information becomes available. Due to the inherent uncertainty in estimating losses and loss expense reserves, the actual cost of settling claims may differ materially from recorded amounts. Changes in losses and loss expense reserve estimates are included in results of operations in the period the estimates are revised.

NOTES TO FINANCIAL STATEMENTS

- 12. The Company has a written capitalization policy for prepaid expenses and purchases of items such as electronic data processing equipment, software, furniture, vehicles, other equipment and leasehold improvements. The Company has not modified its capitalization policy from the prior period.
- 13. The Company does not write major medical insurance with prescription drug coverage.

Note 2 - Accounting Changes and Corrections of Errors

A. Accounting Changes

Adopted Accounting Standards

On December 31, 2011, the Company adopted revisions to SSAP No. 5, *Liabilities, Contingencies and Impairments of Assets* (SSAP No. 5R) which require insurance entities to recognize, at inception of a guarantee, a liability for the obligations it has undertaken in issuing the guarantee, even if the likelihood of having to make payments under the guarantee is remote. The revised guidance does not require liability recognition for guarantees made to or on behalf of direct or indirect wholly-owned insurance and non-insurance subsidiaries or for guarantees considered unlimited. The Company also adopted additional revisions related to disclosure requirements of SSAP No. 25, *Accounting for and Disclosures about Transactions with Affiliated and Other Related Parties* to correspond with SSAP No. 5R. The guidance is effective for all guarantees issued or outstanding as of December 31, 2011, and disclosure of all guarantees must be reported annually. Refer to Note 14 for the required disclosures and financial impact of this guidance.

On January 1, 2011, the Company adopted changes to the definition of loan-backed and structured securities within SSAP No. 43R, *Loan-backed and Structured Securities*. These changes required certain securities to be reclassified into the loan-backed and structured securities classification and resulted in an immaterial impact to the Company upon adoption. Refer to Note 5 for required disclosures and financial impact.

On December 31, 2009, the Company adopted temporary guidance in SSAP No. 10R, *Income Taxes Revised – A Temporary Replacement of SSAP No. 10*, that requires additional disclosures related to tax planning strategies and provides an election for a qualifying life insurance company to increase within its deferred tax asset admissibility calculation the reversal period from one to three years and its limitation from 10% of statutory capital and surplus to 15%. This guidance is effective for interim and annual reporting periods through December 31, 2011, and will be replaced with the adoption of SSAP No. 101, *Income Taxes*. Refer to Note 9 for the required disclosures and financial impact.

Pending Accounting Standards

On January 1, 2012, the Company adopted a new standard, SSAP No. 101, *Income Taxes*, which supersedes SSAP No. 10R, *Income Taxes Revised – A Temporary Replacement of SSAP No. 10*. The standard applies a 'more likely than not' threshold for the recognition of federal and foreign tax loss contingencies and establishes a new framework for determining the admissibility of deferred tax assets (DTA). The framework sets a three year limit on loss carryback provisions, introduces guardrails for determining the realization period and percentage of capital and surplus companies may use to determine DTA admissibility, and establishes parameters around offsetting DTAs against deferred tax liabilities (DTL) as it relates to the admissibility of a DTA. The standard also adopts new disclosure requirements related to tax planning strategies, the amounts and components used to determine admissible DTA amounts, and information about reasonably possible increases in the total liability for any federal or foreign income tax loss contingencies within twelve months of the reporting date. The Company is currently in the process of determining the impact of adoption of this standard.

Correction of Error

Not applicable.

Note 3 - Business Combinations and Goodwill

Not applicable.

Note 4 - Discontinued Operations

Not applicable.

Note 5 - Investments

A. Mortgage Loans

Not applicable.

B. Troubled Debt Restructuring for Creditors

Not applicable.

C. Reverse Mortgages

Not applicable.

D. Loan-Backed Securities

- 1. Prepayment assumptions are generally obtained using a model provided by a third-party vendor.

NOTES TO FINANCIAL STATEMENTS

2. The following table summarizes by quarter other-than-temporary impairments for loan-backed securities recorded during the year because the Company had either the intent to sell the securities or the inability or lack of intent to retain as cited in the table:

	(1) Amortized Cost Basis Before Other-than- Temporary Impairment	(2) Other-than- Temporary Impairment Recognized in Loss	(3) Fair Value 1 - 2
OTTI recognized 1st Quarter			
a. Intent to Sell	\$ -	\$ -	\$ -
b. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	\$ -	\$ -	\$ -
c. Total 1st Quarter	\$ -	\$ -	\$ -
OTTI recognized 2nd Quarter			
d. Intent to Sell	\$ -	\$ -	\$ -
e. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	\$ -	\$ -	\$ -
f. Total 2nd Quarter	\$ -	\$ -	\$ -
OTTI recognized 3rd Quarter			
g. Intent to Sell	\$ -	\$ -	\$ -
h. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	\$ -	\$ -	\$ -
i. Total 3rd Quarter	\$ -	\$ -	\$ -
OTTI recognized 4th Quarter			
j. Intent to Sell	\$ -	\$ -	\$ -
k. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	\$ -	\$ -	\$ -
l. Total 4th Quarter	\$ -	\$ -	\$ -
m. Annual Aggregate Total		\$ -	

3. The following table summarizes other-than-temporary impairments for loan-backed securities held at the end of the quarter based on the fact that the present value of projected cash flows expected to be collected was less than the amortized cost of the securities:

(1)	(2)	(3)	(4)	(5)	(6)	(7)
CUSIP	Amortized Cost Before Current Period OTTI	Present Value of Projected Cash Flows	Recognized Other-Than-Temporary Impairment	Amortized Cost After Other-Than-Temporary Impairment	Fair Value at time of OTTI	Date of Financial Statement Where Reported
Total			\$ -			

4. All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):

a. The aggregate amount of unrealized losses:		
	1. Less than 12 Months	\$ (10,003)
	2. 12 Months or Longer	\$ -
b. The aggregate related fair value of securities with unrealized losses:		
	1. Less than 12 Months	\$ 6,812,116
	2. 12 Months or Longer	\$ -

5. The Company reviews all loan-backed and structured securities in which the fair value of the given security is less than the amortized cost to determine if a given security is other-than-temporarily impaired. The Company examines characteristics of the underlying collateral, such as delinquency and default rates, the quality of the underlying borrower, the type of collateral in the pool, the vintage year of the collateral, subordination levels within the structure of the collateral pool, the quality of any credit guarantors, to determine the cash flows expected to be received for the security.

NOTES TO FINANCIAL STATEMENTS

If the severity and duration of the security's unrealized loss indicates a risk of an other-than-temporary impairment, then the Company will evaluate if the amortized cost basis of the security will be recovered by comparing the present value of the cash flows expected to be received for the given security with the amortized cost basis of the security. If the present value of cash flows is greater than the amortized cost basis of a security then the security is deemed not to be other-than-temporarily impaired.

E. Repurchase Agreements and Securities Lending Transactions

1. For repurchase agreements, Company policy requires a minimum of 102% of the fair value of securities purchased under repurchase agreements to be maintained as collateral. Cash collateral received is invested in short-term investments and the offsetting collateral liability is included in aggregate write-ins for liabilities. There were no open repurchase agreements as of year-end. The Company does not participate in securities lending.
2. No assets were pledged as collateral as of year-end.
3. The Company has not accepted collateral as of year-end.
4. Not applicable.
5. Not applicable.

F. Real Estate

Not applicable.

G. Low-Income Housing Tax Credits

Not applicable.

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

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

Not applicable.

B. Write-downs for Impairments

Not applicable.

Note 7 - Investment Income

A. Accrued Investment Income

The Company nonadmits investment income due and accrued if amounts are over 90 days past due with the exception of mortgage loans in default which are nonadmitted if amounts are over 180 days past due.

B. Amounts Nonadmitted

The total amount of investment income nonadmitted at December 31, 2011 is \$0.

Note 8 - Derivative Instruments

Not applicable.

Note 9 - Income Taxes

A. The net deferred tax asset/(liability) at December 31 and the change from the prior year are comprised of the following components:

	12/31/2011			12/31/2010			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(1a) Gross deferred tax assets	9,563,875	375,774	9,939,649	12,286,152	244,125	12,530,277	(2,722,277)	131,649	(2,590,628)
(1b) Statutory valuation allowance adjustment	-	-	-	-	-	-	-	-	-
(1c) Adjusted gross deferred tax assets	9,563,875	375,774	9,939,649	12,286,152	244,125	12,530,277	(2,722,277)	131,649	(2,590,628)
(2) Total deferred tax liabilities	-	106,684	106,684	-	94,804	94,804	-	11,880	11,880
(3) Net deferred tax asset (liability)	9,563,875	269,090	9,832,965	12,286,152	149,321	12,435,473	(2,722,277)	119,769	(2,602,508)
(4) Deferred tax assets nonadmitted	7,756,823	131,612	7,888,435	9,982,906	2,846	9,985,752	(2,226,083)	128,766	(2,097,317)
(5) Net admitted deferred tax asset (liability)	\$ 1,807,052	\$ 137,478	\$ 1,944,530	\$ 2,303,246	\$ 146,475	\$ 2,449,721	\$ (496,194)	\$ (8,997)	\$ (505,191)

The change in deferred income taxes reported in surplus before consideration of nonadmitted assets is comprised of the following components:

	12/31/2011			12/31/2010			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(6) Net deferred tax asset (liability)	9,563,875	269,090	9,832,965	12,286,152	149,321	12,435,473	(2,722,277)	119,769	(2,602,508)
(7) Tax-effect of unrealized gains and losses	-	(106,684)	(106,684)	-	(94,804)	(94,804)	-	(11,880)	(11,880)
(8) Prior period adjustment	-	-	-	-	-	-	-	-	-
(9) Net tax effect without unrealized gains and losses and prior period adjustment	\$ 9,563,875	\$ 375,774	\$ 9,939,649	\$ 12,286,152	\$ 244,125	\$ 12,530,277	\$ (2,722,277)	\$ 131,649	\$ (2,590,628)

(10) Change in deferred income tax

\$ (2,590,628)

(11) The Company has elected to admit deferred tax assets pursuant to SSAP No. 10R, paragraph 10e for the reporting period 2011 and 2010.

(12) Admission Calculation Components - SSAP No. 10R, Paragraphs 10.a., 10.b., and 10.c.:

	12/31/2011			12/31/2010			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
SSAP No. 10R, Paragraph 10.a.	-	-	-	-	-	-	-	-	-
SSAP No. 10R, Paragraph 10.b.	602,351	45,826	648,177	768,054	48,825	816,879	(165,703)	(2,999)	(168,702)
(the lesser of paragraph 10.e.i.a. and 10.b.ii. below)	-	-	-	-	-	-	-	-	-
SSAP No. 10R, Paragraph 10.b.i.	602,351	45,826	648,177	768,054	48,825	816,879	(165,703)	(2,999)	(168,702)
SSAP No. 10R, Paragraph 10.b.ii.	-	-	10,360,028	-	-	9,705,635	-	-	654,393
Paragraph 10.c	-	106,684	106,684	-	94,804	94,804	-	11,880	11,880
Total	\$ 602,351	\$ 152,510	\$ 754,861	\$ 768,054	\$ 143,629	\$ 911,683	\$ (165,703)	\$ 8,881	\$ (156,822)

Admission Calculation Components - SSAP No. 10R, Paragraph 10.e.-:

SSAP No. 10R, Paragraph 10.e.i.	-	-	-	-	-	-	-	-	-
SSAP No. 10R, Paragraph 10.e.ii.	1,807,052	137,478	1,944,530	2,303,246	146,475	2,449,721	(496,194)	(8,997)	(505,191)
(the lesser of paragraph 10.e.ii.a. and 10.e.ii.b. below)	-	-	-	-	-	-	-	-	-
SSAP No. 10R, Paragraph 10.e.ii.a.	1,807,052	137,478	1,944,530	2,303,246	146,475	2,449,721	(496,194)	(8,997)	(505,191)
SSAP No. 10R, Paragraph 10.e.ii.b.	-	-	15,540,042	-	-	14,558,452	-	-	981,590
Paragraph 10.e.iii.	-	106,684	106,684	-	94,804	94,804	-	11,880	11,880
Total	\$ 1,807,052	\$ 244,162	\$ 2,051,214	\$ 2,303,246	\$ 241,279	\$ 2,544,525	\$ (496,194)	\$ 2,883	\$ (493,311)

Used in SSAP No. 10R, Paragraph 10.d.

Total Adjusted Capital	\$ 105,150,276	\$ 99,516,085	\$ 5,634,191
Authorized Control Level	\$ 392,517	\$ 697,211	\$ (304,694)

NOTES TO FINANCIAL STATEMENTS

	12/31/2011	12/31/2010
(1) Current income taxes incurred	(1,704,573)	(3,296,812)
(2) Change in deferred income tax (without tax on unrealized gains and losses)	2,590,628	3,727,803
(3) Total income tax reported	\$ 886,055	\$ 430,991
(4) Income before taxes	3,793,438	2,772,830
(5) Expected income tax expense (benefit) at 35% statutory rate	\$ 1,327,703	\$ 970,491
(6) Increase (decrease) in actual tax reported resulting from:		
a. Dividends received deduction	-	-
b. Nondeductible expenses for meals, penalties, and lobbying	-	-
c. Tax-exempt income	(441,673)	(539,475)
d. Deferred tax benefit on nonadmitted assets	25	(25)
e. Change in Statutory valuation allowance adjustment	-	-
f. Change in tax reserves	-	-
g. Intangibles	-	-
h. Tax credits	-	-
i. Other	-	-
(7) Total income tax reported	\$ 886,055	\$ 430,991

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE CRESTBROOK INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

E. Operating loss carryforward

(1) As of December 31, operating loss or tax credit carryforwards are available as follows:

	Amount	Origination	Expiration
Operating loss carryforwards	3,024,051	2011	2031
Amount of AMT tax credits			
Business credits			

(2) The amount of Federal income taxes incurred that are available for recoupment in the event of future net losses are:

2011	-
2010	-

F. Consolidated federal income tax return

- (1) The Company's federal income tax return is consolidated with the following entities:
- AGMC Reinsurance, Ltd.

Allied General Agency Company

Allied Group, Inc.

Allied Insurance Company of America

Allied Property and Casualty Insurance Company

Allied Texas Agency, Inc.

AMCO Insurance Company

American Marine Underwriters, Inc.

Crestbrook Insurance Company

Depositors Insurance Company

DVM Insurance Agency, Inc.

Freedom Specialty Insurance Company

Insurance Intermediaries, Inc.

Lone Star General Agency, Inc.

National Casualty Company

Nationwide Advantage Mortgage Company

Nationwide Affinity Insurance Company of America

Nationwide Agribusiness Insurance Company

Nationwide Assurance Company

Nationwide Bank

Nationwide Cash Management Company

Nationwide Corporation

Nationwide Financial General Agency, Inc.

Nationwide Financial Institution Distribution Agency, Inc.

Nationwide Financial Services, Inc.

Nationwide General Insurance Company

Nationwide Global Holdings, Inc.

Nationwide Global Ventures, Inc.

Nationwide Indemnity Company

Nationwide Insurance Company of America

Nationwide Insurance Company of Florida

Nationwide Lloyds

Nationwide Mutual Insurance Company

Nationwide Property and Casualty Ins. Company

Nationwide Retirement Solutions, Inc.

Nationwide Retirement Solutions, Inc. of Arizona

Nationwide Retirement Solutions, Inc. of Ohio

Nationwide Retirement Solutions, Inc. of Texas

Nationwide Retirement Solutions Insurance Agency, Inc.

Nationwide SA Capital Trust

Nationwide Sales Solutions, Inc.

NFS Distributors, Inc.

NWD Asset Management Holdings, Inc.

NWD Investment Management, Inc.

NWD Management & Research Trust

Pension Associates, Inc.

Pet Healthcare Services, Inc.

Premier Agency, Inc.

Provfirst America Corporation

Provident Mutual Holding Company

Registered Investment Advisors Services, Inc.

Riverview International Group, Inc.

Scottsdale Indemnity Company

Scottsdale Insurance Company

Scottsdale Surplus Lines Insurance Company

THI Holdings (Delaware), Inc.

Titan Auto Insurance of New Mexico, Inc.

Titan Indemnity Company

Titan Insurance Company

Titan Insurance Services, Inc.

V.P.I. Services, Inc.

Veterinary Pet Insurance Company

Veterinary Pet Insurance Services, Inc.

Victoria Automobile Insurance Company

Victoria Fire & Casualty Company

Victoria National Insurance Company

Victoria Select Insurance Company

Victoria Specialty Insurance Company

WI of Florida, Inc.

Western Heritage Insurance Company

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

3. The Company did not have any protective tax deposits under Section 6603 of the Internal Revenue Code.

Note 10 - Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

A. Nature of Relationships

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

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

The Company is a party to various reinsurance agreements including a pooling agreement with several affiliated companies. See Note 26.

The Company and various affiliates have entered into agreements with Nationwide Cash Management Company (NCMC) a subsidiary of the Company, under which NCMC acts as a common agent in handling the purchases and sales of short-term securities for the respective accounts of the participants. Amounts on deposit with NCMC were \$8.6 million and \$3.6 million as of December 31, 2011 and 2010, respectively, and are included in short-term investments on the accompanying statutory statements of admitted assets, liabilities, capital and surplus.

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

Not applicable.

NOTES TO FINANCIAL STATEMENTS

C. Change in Terms of Intercompany Arrangements

Effective January 1, 2011, Mutual changed the pooling arrangements under which several affiliated companies cede all their direct and assumed business to the pool. See Note 26.

D. Amounts Due to or from Related Parties

Affiliate receivables and payables are the result of cost sharing and intercompany service agreements between the Company and its parent and affiliates in which settlement has not yet occurred. Affiliate receivables are presented gross of affiliate payables when the Company has the right to offset. The Company reported gross amounts of \$27.8 thousand and \$39.7 thousand due to parent at December 31, 2011 and 2010, respectively. The Company reported gross amounts of \$27.9 thousand and \$40.0 thousand due to parent and affiliates at December 31, 2011 and 2010. The Company reported gross amounts of \$62.6 thousand and \$172.2 thousand due from parent and affiliates at December 31, 2011 and 2010, respectively. These arrangements are subject to written agreements which require that intercompany balances be settled within 30 days.

E. Guarantees or Undertakings for Related Parties

The Company has no guarantees or contingent commitments to affiliates other than indicated in Note 14 A.

F. Management, Service Contracts, Cost Sharing Arrangements

The Company shares its home office, other facilities, equipment, and common management and administrative services with its subsidiaries and affiliates. Pursuant to a cost sharing agreement between the companies, the amounts associated with these services are subject to allocation based on standard allocation techniques and procedures acceptable under general cost accounting techniques and procedures in conformity with the NAIC's statutory accounting practices and procedures. Measures used to determine the allocation among companies includes individual employee estimates of time spent, special cost studies, the number of full-time employees, and other methods agreed to by the participating companies. The Company does not believe amounts recognized under the intercompany agreement are materially different than what would have been recognized had the Company operated on a stand-alone basis.

G. Nature of Relationships that Could Affect Operations

Not applicable.

H. Amount Deducted for Investment in Upstream Company

Not applicable.

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

The Company does not hold any investments in affiliates.

J. Write-down for Impairments of Investments in Subsidiary, Controlled or Affiliated Companies

Not applicable.

K. Investment in a foreign insurance subsidiary

Not applicable.

L. Downstream Holding Company

Not applicable.

Note 11 - Debt

A. All Other Debt

Not applicable.

B. Funding Agreements with Federal Home Loan Bank (FHLB)

Not applicable.

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

A. Defined Benefit Plans

Not applicable.

B. Defined Contribution Plans

Not applicable.

C. Multiemployer Plans

Not applicable.

D. Consolidated/Holding Company Plans

Not applicable.

E. Postemployment Benefits and Compensated Absences

Not applicable.

F. Impact of Medicare Modernization Act on Postretirement Benefits

Not applicable.

NOTES TO FINANCIAL STATEMENTS

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

A. Outstanding Shares

The Company has 52,000 shares of \$50 par value stock authorized. All shares were issued and outstanding at December 31, 2011.

B. Dividend Rate of Preferred Stock

Not applicable.

C. Dividend Restrictions

The maximum amount of dividends which can be paid to shareholders by a State of Ohio domiciled insurance company without prior approval of the Director of Insurance is limited to, together with that of other dividends or distributions made within the preceding 12 months, the greater of either 10% of surplus as regards policyholders as of the preceding December 31, or the net income of the previous calendar year. Additionally, any dividend or distribution paid from other than earned surplus shall require prior approval of the Director of Insurance. Subject to applicable regulatory approval(s), dividends are paid as determined by the insurer's board of directors.

D. Dividends Paid

No dividends were paid by the Company during 2011 and 2010.

E. Profits Available for Ordinary Dividends

Within the limitations of (C) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to shareholders.

F. Restrictions on Surplus

There is no restriction on the use of the Company's unassigned surplus and such surplus is held for the benefit of the shareholder.

G. Advances to Surplus Not Repaid

Not applicable.

H. Stock Held by Company for Special Purposes

Not applicable.

I. Changes in Special Surplus Funds

Not applicable.

J. Changes in Unassigned Funds

The portion of unassigned funds (surplus) represented by cumulative unrealized capital gains is \$494,089 less applicable deferred taxes of \$106,684, for a net unrealized capital gain of \$387,405.

K. Surplus Notes

Not applicable.

L. and M. Quasi Reorganizations

Not applicable.

Note 14 – Contingencies

A. Contingent Commitments

The Company has no commitments or contingent commitment to affiliates or other entities. As indicated in Note 10 E, the Company has made no guarantees on behalf of affiliates.

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 are written. In the case of loss-based assessments, the assessments should be accrued at the time the losses are incurred.

As outlined in Note 26, the Company participated in a 100% quota share reinsurance agreement with Mutual. Therefore, the accrued liability for guaranty fund and other assessments and the related premium tax benefit have been ceded to Mutual.

C. Gain Contingencies

Not applicable.

D. Claims Related Extra Contractual Obligations and bad Faith Losses Stemming From Lawsuits

Not applicable.

E. Product Warranties

Not applicable.

F. All Other Contingencies

Various lawsuits arise against the Company in the normal 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.

NOTES TO FINANCIAL STATEMENTS

Note 15 – Leases

- A. Lessee Leasing Arrangements

Not applicable.

- B. Lessor Leasing Arrangements

Not applicable.

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

- A. Financial Instruments with Off-Balance Sheet Risk

Not applicable.

- B. Financial Instruments with Concentrations of Credit Risk

Not applicable.

- C. Exposure to Credit-Related Losses

Not applicable.

- D. Collateral Policy

Not applicable.

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

- A. Transfers of Receivables Reported as Sales

Not applicable.

- B. Transfers and Servicing of Financial Assets

1. There were no assets or liabilities obtained in transfers of financial assets where it was not practicable to estimate their fair value.
2. The Company does not participate in securities lending.
3. No servicing assets or liabilities were recognized during the period.
4. There were no assets securitized during the period.
5. There were no retained interests since there were no securitized financial assets.
6. There were no transfers of receivables with recourse.

- C. Wash Sales

Not applicable.

Note 18 - Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

- A. Administrative Services Only (ASO) Plans

Not applicable.

- B. Administrative Services Contract (ASC) Plans

Not applicable.

- C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable.

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

Not applicable.

Note 20 – Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources while unobservable inputs reflect the Company's view of market assumptions in the absence of observable market information. The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. In determining fair value, the Company uses various methods including market, income and cost approaches.

The Company categorizes its assets and liabilities measured and reported at fair value in the quarterly statement into a three-level hierarchy based on the priority of the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument in its entirety.

The fair value hierarchy levels are as follows:

Level 1. Unadjusted quoted prices accessible in active markets for identical assets or liabilities at the measurement date.

Level 2. Unadjusted quoted prices for similar assets or liabilities in active markets or inputs (other than quoted prices) that are observable or that are derived principally from or corroborated by observable market data through correlation or other means.

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE CRESTBROOK INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

Level 3. Prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. Inputs reflect management’s best estimate about the assumptions market participants would use at the measurement date in pricing the asset or liability. Consideration is given to the risk inherent in both the method of valuation and the valuation inputs.

The Company periodically reviews its fair value hierarchy classifications for financial assets and liabilities. Changes in observability of significant valuation inputs identified during these reviews may trigger reclassifications. Reclassifications into/out of the fair value hierarchy levels are reported as transfers at the beginning of the period in which the change occurs.

For bonds and marketable stocks for which market quotations are available, the Company generally uses independent pricing services to assist in determining the fair value measurement.

The Company’s investments in corporate debt securities, mortgage-backed securities and other asset-backed securities are valued with the assistance of independent pricing services and non-binding broker quotes. The Company’s policy is to give priority to pricing obtained from our primary independent pricing service. In the event that pricing information is not available from an independent pricing service, non-binding broker quotes are used to assist in the valuation of the investments. In many cases, only one broker quote is available. The Company’s policy is generally not to adjust the values obtained from brokers.

Broker quotes are considered unobservable inputs as only one broker quote is ordinarily obtained, the investment is not traded on an exchange, the pricing is not available to other entities and/or the transaction volume in the same or similar investments has decreased such that generally only one quotation is available. As the brokers often do not provide the necessary transparency into their quotes and methodologies, the Company periodically performs reviews and tests to ensure that quotes are a reasonable estimate of the investments fair value.

For investments valued with the assistance of independent pricing services, the Company obtains the pricing services’ methodologies, inputs and assumptions and classifies these investments accordingly in the fair value hierarchy. The Company periodically reviews and tests the pricing and related methodologies obtained from these independent pricing services against secondary sources to ensure that management can validate the investment’s fair value and related fair value hierarchy categorization. If large variances are observed between the price obtained from the independent pricing services and secondary sources, the Company analyzes the causes driving the variance.

For certain bonds not priced by independent services (e.g., private placement securities without quoted market prices) a corporate pricing matrix or internally developed pricing model is most often used. The corporate pricing matrix is developed using private spreads for corporate securities with varying weighted average lives and credit quality ratings. The weighted average life and credit quality rating of a bond to be priced using the corporate pricing matrix are important inputs into the model and are used to determine a corresponding spread that is added to the appropriate U.S. Treasury yield to create an estimated market yield for that security. The estimated market yield and other relevant factors are then used to estimate the fair value of the particular bond.

Assets and liabilities measured and reported at fair value as of December 31, 2011:

	Level 1	Level 2	Level 3	Total
Assets at Fair Value				
U.S. Government bonds	-	-	-	-
States, Territories and Possessions	-	-	-	-
Political subdivisions	-	-	-	-
Special revenues	-	-	-	-
Hybrid Securities	-	-	-	-
Credit tenant loans	-	-	-	-
Industrial & Misc.	-	2,389,500	-	2,389,500
Total Bonds	\$ -	\$ 2,389,500	\$ -	\$ 2,389,500
Sec Lending	-	-	-	-
Preferred Stocks	-	-	-	-
Common Stocks	-	-	-	-
Loans held for sale	-	-	-	-
Separate Account Assets	-	-	-	-
Derivative Assets	-	-	-	-
Total Assets at Fair Value	\$ -	\$ 2,389,500	\$ -	\$ 2,389,500
Liabilities at Fair Value				
Derivatives Liabilities	-	-	-	-
Total Liabilities at Fair Value	\$ -	\$ -	\$ -	\$ -

Note 21 - Other Items

- A. Extraordinary Items
- Not applicable.
- B. Troubled Debt Restructuring for Debtors
- Not applicable.
- C. Other Disclosures
- Not applicable.
- D. Uncollectible Premiums Receivable
- Not applicable.
- E. Business Interruption Insurance Recoveries
- Not applicable.
- F. State Transferable and Non-Transferable Tax Credits
- Not applicable.

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE CRESTBROOK INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

G. Subprime Mortgage Related Risk Exposure

In general, recent market activity has negatively impacted the valuation of securities containing sub-prime collateral, which are classifications of investments in which the Company invests. The Company evaluates many characteristics when classifying collateral as sub-prime, including the credit quality of the borrower as defined by Fair Isaac Credit Organization (FICO) scores, as well as other factors, such as loan-to-value ratios and type of real estate.

As of December 31, 2011, all of the Company's exposure to investments containing sub-prime collateral is isolated to the mortgage-backed and asset-backed securities. When making investments in mortgage-backed or asset-backed securities, the Company evaluates the quality of the underlying collateral, the structure of the transaction (which dictates how losses in the underlying collateral will be distributed) and prepayment risks.

As of December 31, 2011, the Company has no exposure to investments containing sub-prime collateral in any asset categorization.

Note 22 - Events Subsequent

Subsequent events have been considered through February 7, 2012 for these statutory financial statements which are to be issued February 10, 2012. There were no events occurring subsequent to the end of the year that merited recognition or disclosure in these statements.

Note 23 – Reinsurance

A. Unsecured Reinsurance Recoverables

The Company does not have an unsecured aggregate recoverable for paid and unpaid losses, loss adjustment expenses and unearned premiums from any individual reinsurer, authorized or unauthorized, that exceeds 3% of policyholders' surplus.

B. Reinsurance Recoverable in Dispute

The Company does not have reinsurance recoverables in dispute for paid losses and loss adjustment expenses that exceed 5% of policyholders' surplus from an individual reinsurer or exceed 10% of policyholders' surplus in aggregate.

C. Reinsurance Assumed and Ceded

1. The following table summarizes ceded and assumed unearned premiums and the related commission equity at December 31, 2011.

(000's)	Assumed		Ceded		Assumed Less Ceded	
	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
a. Affiliates	\$0	\$0	\$1,230	\$225	(\$1,230)	(\$225)
b. All Others	0	0	0	0	\$0	\$0
c. Totals	\$0	\$0	\$1,230	\$225	(\$1,230)	(\$225)
d. Direct Unearned Premium Reserve	\$1,230					

2. Certain agency agreements and ceded reinsurance contracts provide for additional or return commissions based on the actual loss experience of the produced or reinsured business. Amounts accrued at December 31, 2011 are as follows:

(\$000's) Description	Direct	Assumed	Ceded	Net
a. Contingent Commissions	\$58	\$0	\$58	\$0
b. Sliding Scale Adjustments	0	0	0	0
c. Other Profit Commissions	0	0	0	0
d. Totals	\$58	\$0	\$58	\$0

D. Uncollectible Reinsurance

No reinsurance recoverables were written off during 2011.

E. Commutation of Ceded Reinsurance

The Company did not enter into any commutation during 2011.

F. Retroactive Reinsurance

There was no retroactive reinsurance affected during 2011.

G. Reinsurance Accounted for as a Deposit

There were no reinsurance agreements that were accounted for as deposits during 2011.

- H. There was no transfer of any property and casualty run-off agreements requiring approval of regulators and qualifying under SSAP No. 62R, Property and Casualty Reinsurance, to receive property & casualty run-off accounting treatment.

Note 24 - Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not applicable.

Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses

The Company is a participant in a 100% pooling reinsurance agreement with Mutual (as disclosed in Note 26), and as such has zero net incurred losses and loss adjustment expenses.

NOTES TO FINANCIAL STATEMENTS

Note 26 - Intercompany Pooling Arrangements

Effective January 1, 2011 the following companies became participants in a pooling reinsurance agreement with Mutual (NAIC # 23787) whereby Mutual retains 83.7% of the pool results: Nationwide Mutual Fire Insurance Company (NAIC # 23779), Scottsdale Insurance Company (NAIC # 41297), Farmland Mutual Insurance Company (NAIC # 13838), Nationwide General Insurance Company (NAIC # 23760), Nationwide Property & Casualty Insurance Company (NAIC # 37877), Nationwide Affinity Insurance Company of America (NAIC # 26093), Crestbrook Insurance Company (NAIC # 18961), Allied Insurance Company of America (NAIC # 10127), AMCO Insurance Company (NAIC # 19100), Allied Property & Casualty Insurance Company (NAIC # 42579), Depositors Insurance Company (NAIC # 42587), Nationwide Agribusiness Insurance Company (NAIC # 28223), Victoria Fire & Casualty Insurance Company (NAIC # 42889), Victoria Automobile Insurance Company (NAIC # 10644), Victoria Specialty Insurance Company (NAIC # 10777), Victoria Select Insurance Company (NAIC # 10105), and Victoria National Insurance Company (NAIC # 10778).

All lines of business are subject to the pooling agreement.

There are no discrepancies related to the pooled business between the assumed and ceded reinsurance schedules of the pool participants.

The following companies are covered under a 100% quota share reinsurance agreement with Mutual: Nationwide Assurance Company, Titan Insurance Company, Titan Indemnity Company, Nationwide Lloyds Insurance Company, Nationwide Insurance Company of America, National Casualty Company, and Colonial County Mutual Insurance Company. Mutual then cedes this business into the Nationwide Pool.

Scottsdale Surplus Lines Insurance Company, Western Heritage Insurance Company, Scottsdale Indemnity Company and Freedom Specialty Insurance Company are covered under a 100% quota share reinsurance agreement with Scottsdale Insurance Company. Scottsdale Insurance Company then cedes this business to Mutual.

Mutual is the lead company in the Nationwide Pool. The companies receiving business from the Nationwide Pool are:

	NAIC #	POOL
Nationwide Mutual Insurance Company (Lead Insurer)	23787	83.7%
Nationwide Mutual Fire Insurance Company	23779	11.3%
Scottsdale Insurance Company	41297	4.0%
Farmland Mutual Insurance Company	13838	1.0%

Amounts due to/from the lead entity and pool participants as of December 31, 2011:

Name of Insurer	Amounts Receivable	Amounts Payable
Nationwide Mutual Insurance Company (Lead Insurer)	905,336,376	31,254,615
Nationwide Mutual Fire Insurance Company	6,905,610	313,043,439
Scottsdale Insurance Company	28,343,668	-
Farmland Mutual Insurance Company	36,457,203	15,973,668
Nationwide General Insurance Company	297	118,678,238
Nationwide Property & Casualty Insurance Company	5,419,953	265,047,950
Nationwide Affinity Insurance Company of America	2,259,935	147,848,288
Crestbrook Insurance Company	62,589	27,853
Allied Insurance Company of America	-	3,164
AMCO Insurance Company	9,141,273	128,654,533
Allied Property & Casualty Insurance Company	1,054,719	7,806,700
Depositors Insurance Company	527,922	1,168,163
Nationwide Agribusiness Insurance Company	60,588,552	1,821,314
Victoria Fire & Casualty Insurance Company	5,220,175	21,549,997
Victoria Automobile Insurance Company	640,653	824,508
Victoria Specialty Insurance Company	1,427,466	3,668,438
Victoria Select Insurance Company	1,188,464	2,365,167
Victoria National Insurance Company	1,979	360

Note 27 - Structured Settlements

- A. Reserves Released due to Purchases of Annuities
Not applicable.
- B. Annuity Insurers with Balances due Greater than 1% of Policyholders' Surplus
Not applicable.

Note 28 - Health Care Receivables

- A. Pharmaceutical Rebate Receivables
Not applicable.
- B. Risk Sharing Receivables
Not applicable.

Note 29 - Participating Policies

Not applicable.

Note 30 - Premium Deficiency Reserves

The Company evaluated the need to record a premium deficiency reserve as of December 31, 2011 and determined there was no premium deficiency. This evaluation was completed on January 9, 2012. The Company does anticipate investment income when evaluating the need for premium deficiency reserves.

NOTES TO FINANCIAL STATEMENTS

Note 31 - High Deductibles

Not applicable.

Note 32 - Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

A. Tabular Discounts

Not applicable.

B. Non-Tabular Discounts

Not applicable.

C. Changes in Discount Assumptions

Not applicable.

Note 33 - Asbestos/Environmental Reserves

Not applicable.

Note 34 - Subscriber Savings Accounts

Not applicable.

Note 35 - Multiple Peril Crop Insurance

Not applicable.

Note 36 – Financial Guaranty Insurance

A. and B. Not applicable.