23787201120100100

PROPERTY AND CASUALTY COMPANIES - ASSOCIATION EDITION

ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011

OF THE CONDITION AND AFFAIRS OF THE

Nationwide Mutual Insurance Company

NAIC Group Code 0140 (Current) 0140 (Prior) NAIC Company Code 23787 Employer's ID Number 31-4177100

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

Country of Domicile United States of America

Incorporated/Organized 12/06/1925 Commenced Business 04/14/1926

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, NW Ins	Mark Angelo Pizzi	Sr VP & Treasurer	David Patrick LaPaul
VP - Corp Gov & Secretary	Robert William Horner III		

OTHER

David Gerard Arango # Div Pres - Titan Ins	Anne Louise Arvia # Sr VP-NW Retirement Plans	Wesley Kim Austen President & COO - Allied
Paul Douglas Ballew # Sr VP-Chief Economist	David Alan Bano # Sr VP-Chief Claims Off	James David Benson Sr VP - Controller
Mark Allen Berven Sr VP	Pamela Ann Biesecker Sr VP-Head of Taxation	William Joseph Burke # Sr VP - NF Brand Marketing
Roger Alan Craig Sr VP-Div General Cnsl	Robert James Dickson # Sr VP -IT Strat Initiatives	Thomas Williams Dietrich # Sr VP-Dpty Gen Counsel
Gary Anthony Douglas Sr VP	Steven Michael English # Sr VP	Timothy Gerard Frommeyer Sr VP
Martha Lovette Frye Sr VP-P&C Cust Serv/Sales Sol	Mark Anthony Gaetano # Sr VP-CIO Ent Apps	Peter Anthony Golato Sr VP-Indiv Prot Bus Head
Judith Lynn Greenstein Sr VP-President-NW Bank	Daniel Gerard Greteman # Sr VP - CIO ACS	Susan Jean Gueli Sr VP - CIO NF Systems
Melissa Doss Gutierrez # Sr VP - PCIO Sales Support	Harry Hansen Hallowell Sr VP - Chief Invest Off	Jennifer Marie Hanley # Sr VP - NI Brand Marketing
Patricia Ruth Hatler Exec VP & Chief Leg & Gov Off	Gordon Elliot Hecker # Sr VP - Corporate Marketing	Eric Shawn Henderson # Sr VP - Ind Inv Bus Head
Terri Lynn Hill # Exec VP	Lawrence Allen Hilsheimer Pres/COO-NW Dir/Cust Sol	Matthew Eric Jauchius Exec VP-Chief Mkt & Strtgy Off
Michael Craig Keller Exec VP-Chief Info Officer	Gale Verdell King # Exec VP - Chief Admin Off	James Russell Korcykoski Sr VP - CIO NW Ins
Michael Patrick Leach Sr VP - CFO - P&C	Michael Allen Lex Sr VP-Pres-NW Nat Partners	Katherine Marie Liebel # Sr VP - Corporate Strategy
Michael William Mahaffey Sr VP, Chief Risk Officer	Robert Phillips McIsaac # Sr VP - Bus Trans Off	Michael Dean Miller Exec VP
Kai Vincent Monahan Sr VP - Internal Audit	Gregory Stephen Moran # Sr VP - CIO IT Infra	Sandra Lee Neely # Sr VP-Dpty General Cnsl
Robert Joseph Puccio Sr VP-Assoc Services	Stephen Scott Rasmussen CEO	Sandra Lynn Rich # Sr VP-Chief Compliance Off
Jeff Millard Rommel # Sr VP-Field Operations IC	Amy Taylor Shore # Sr VP-Field Operations EC	Mark Raymond Thresher Exec VP - CFO
Guruprasad Chitrapura Vasudeva # Sr VP - Ent. CTO	Kirt Alan Walker President & COO - Nationwide Fin	

DIRECTORS OR TRUSTEES

Lewis Jackson Alphin	James Bernard Bachmann	Arthur Irving Bell
Timothy Joseph Corcoran	Yvonne Montgomery Curl	Kenneth Dale Davis
Keith William Eckel	Fred Charles Finney	Daniel Thomas Kelley
Mary Diane Koken	Lydia Micheaux Marshall	Terry Wayne McClure
Barry James Nalebuff	Brent Rinner Porteus #	Stephen Scott Rasmussen
Jeffrey Wade Zellers		

State of Ohio
County of Franklin 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. 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.

Mark Angelo Pizzi President & COO, Nationwide Ins	Robert William Horner, III VP - Corp Governance & Secretary	David Patrick LaPaul Sr VP & Treasurer

Subscribed and sworn to before me this ______ day of January , 2012

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

ASSETS

		Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1.	Bonds (Schedule D)	8,401,419,406		8,401,419,406	10,131,695,556
2.	Stocks (Schedule D):				
	2.1 Preferred stocks	2,962,855		2,962,855	3,297,681
	2.2 Common stocks	7,038,676,009		7,038,676,009	6,945,803,666
3.	Mortgage loans on real estate (Schedule B):				
	3.1 First liens	534,909,449		534,909,449	661,027,217
	3.2 Other than first liens				
4.	Real estate (Schedule A):				
	4.1 Properties occupied by the company (less $ ...... encumbrances)	553,028,486		553,028,486	461,789,958
	4.2 Properties held for the production of income (less $ 16,227,621 encumbrances)	47,212,058		47,212,058	55,140,043
	4.3 Properties held for sale (less $ ...... encumbrances)	1,695,174		1,695,174	1,893,531
5.	Cash ($ (270,456,565) , Schedule E - Part 1), cash equivalents ($ ...... , Schedule E - Part 2) and short-term investments ($ 670,136,045 , Schedule DA)	399,679,479		399,679,479	281,805,165
6.	Contract loans (including $ ...... premium notes)				
7.	Derivatives (Schedule DB)	112,595,441		112,595,441	140,130,252
8.	Other invested assets (Schedule BA)	3,191,881,033	51,446,489	3,140,434,544	2,557,982,542
9.	Receivable for securities	219,290		219,290	3,267,738
10.	Securities lending reinvested collateral assets (Schedule DL)	72,541,897	7,712,247	64,829,650	279,917,801
11.	Aggregate write-ins for invested assets	1,078,256,623		1,078,256,623	1,071,131,594
12.	Subtotals, cash and invested assets (Lines 1 to 11)	21,435,077,200	59,158,736	21,375,918,464	22,594,882,744
13.	Title plants less $ ...... charged off (for Title insurers only)				
14.	Investment income due and accrued	122,430,115	114,898	122,315,217	137,443,956
15.	Premiums and considerations:				
	15.1 Uncollected premiums and agents' balances in the course of collection	700,246,726	101,117,430	599,129,296	1,520,876,979
	15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ ...... earned but unbilled premiums)	2,254,045,987	9,794,883	2,244,251,104	2,017,093,666
	15.3 Accrued retrospective premiums				
16.	Reinsurance:				
	16.1 Amounts recoverable from reinsurers	206,744,744		206,744,744	194,557,734
	16.2 Funds held by or deposited with reinsured companies	407,679		407,679	456,389
	16.3 Other amounts receivable under reinsurance contracts				
17.	Amounts receivable relating to uninsured plans				
18.1	Current federal and foreign income tax recoverable and interest thereon	185,960,776		185,960,776	112,521,090
18.2	Net deferred tax asset	1,979,132,272	654,846,071	1,324,286,201	911,610,917
19.	Guaranty funds receivable or on deposit	21,647,823		21,647,823	34,066,606
20.	Electronic data processing equipment and software	125,301,693		125,301,693	117,716,952
21.	Furniture and equipment, including health care delivery assets ($ ......)	256,636,456	256,636,456		
22.	Net adjustment in assets and liabilities due to foreign exchange rates				3,373
23.	Receivables from parent, subsidiaries and affiliates	1,006,954,101	3,073,219	1,003,880,882	192,748,384
24.	Health care ($ ......) and other amounts receivable				
25.	Aggregate write-ins for other than invested assets	782,612,891	374,625,351	407,987,540	370,662,131
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	29,077,198,463	1,459,367,044	27,617,831,419	28,204,640,921
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28.	Total (Lines 26 and 27)	29,077,198,463	1,459,367,044	27,617,831,419	28,204,640,921
	DETAILS OF WRITE-INS				
1101.	Corporate owned investment value of life insurance	1,078,256,623		1,078,256,623	1,071,131,594
1102.					
1103.					
1198.	Summary of remaining write-ins for Line 11 from overflow page				
1199.	Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	1,078,256,623		1,078,256,623	1,071,131,594
2501.	Miscellaneous assets	184,722,540	94,682,805	90,039,735	50,308,752
2502.	Agent benefit investment value of life insurance and annuity contracts	160,342,003		160,342,003	161,649,412
2503.	Recoupment receivables	92,300		92,300	78,444
2598.	Summary of remaining write-ins for Line 25 from overflow page	437,456,048	279,942,546	157,513,502	158,625,523
2599.	Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	782,612,891	374,625,351	407,987,540	370,662,131

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	6,503,552,415	6,777,680,705
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	710,709,017	636,136,367
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	1,399,969,070	1,419,647,911
4.	Commissions payable, contingent commissions and other similar charges	311,150,592	261,166,026
5.	Other expenses (excluding taxes, licenses and fees)	84,091,014	82,552,761
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	78,617,071	109,112,513
7.1	Current federal and foreign income taxes (including $ .... on realized capital gains (losses))		
7.2	Net deferred tax liability		
8.	Borrowed money $ 5,027,912 and interest thereon $	5,027,912	4,968,769
9.	Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of $ 1,279,231,880 and including warranty reserves of $ .... and accrued accident and health experience rating refunds including $ 37,601,830 for medical loss ratio rebate per the Public Health Service Act)	4,701,223,633	4,633,460,895
10.	Advance premium	95,846,749	100,741,288
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders	5,253,448	4,406,424
12.	Ceded reinsurance premiums payable (net of ceding commissions)	638,658,501	635,172,805
13.	Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	52,243	
14.	Amounts withheld or retained by company for account of others	680,570,671	722,689,012
15.	Remittances and items not allocated	105,564,701	104,491,092
16.	Provision for reinsurance (Schedule F, Part 7)	17,790,663	22,281,892
17.	Net adjustments in assets and liabilities due to foreign exchange rates	2,021	
18.	Drafts outstanding		
19.	Payable to parent, subsidiaries and affiliates	114,075,428	118,517,969
20.	Derivatives	149,202,810	50,951,565
21.	Payable for securities	7,127,054	52,896,225
22.	Payable for securities lending	81,208,594	288,267,269
23.	Liability for amounts held under uninsured plans		
24.	Capital notes $ .... and interest thereon $		
25.	Aggregate write-ins for liabilities	1,493,249,072	1,593,354,794
26.	Total liabilities excluding protected cell liabilities (Lines 1 through 25)	17,182,942,679	17,618,496,282
27.	Protected cell liabilities		
28.	Total liabilities (Lines 26 and 27)	17,182,942,679	17,618,496,282
29.	Aggregate write-ins for special surplus funds		
30.	Common capital stock		
31.	Preferred capital stock		
32.	Aggregate write-ins for other than special surplus funds	444,947,946	265,492,767
33.	Surplus notes	2,200,000,000	2,200,000,000
34.	Gross paid in and contributed surplus		
35.	Unassigned funds (surplus)	7,789,940,794	8,120,651,872
36.	Less treasury stock, at cost:		
	36.1 .... shares common (value included in Line 30 $ ....)		
	36.2 .... shares preferred (value included in Line 31 $ ....)		
37.	Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	10,434,888,740	10,586,144,639
38.	TOTALS (Page 2, Line 28, Col. 3)	27,617,831,419	28,204,640,921
	DETAILS OF WRITE-INS		
2501.	Agent's security fund reserves	1,144,736,514	1,325,240,615
2502.	Miscellaneous liabilities	66,445,358	1,620,723
2503.	Contingent suit liabilities	8,326,628	10,548,050
2598.	Summary of remaining write-ins for Line 25 from overflow page	273,740,572	255,945,406
2599.	Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	1,493,249,072	1,593,354,794
2901.			
2902.			
2903.			
2998.	Summary of remaining write-ins for Line 29 from overflow page		
2999.	Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above)		
3201.	Amortized discount of surplus notes	(78,372,635)	(98,055,506)
3202.	SSAP 10 DTA	523,320,581	363,548,273
3203.			
3298.	Summary of remaining write-ins for Line 32 from overflow page		
3299.	Totals (Lines 3201 thru 3203 plus 3298)(Line 32 above)	444,947,946	265,492,767

STATEMENT OF INCOME

		1 Current Year	2 Prior Year
	UNDERWRITING INCOME		
1.	Premiums earned (Part 1, Line 35, Column 4)	11,910,267,565	12,084,628,674
	DEDUCTIONS:		
2.	Losses incurred (Part 2, Line 35, Column 7)	7,815,124,829	6,939,164,542
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	1,349,406,429	1,250,343,457
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	4,049,917,436	4,025,670,942
5.	Aggregate write-ins for underwriting deductions	110,549	(282,106)
6.	Total underwriting deductions (Lines 2 through 5)	13,214,559,243	12,214,896,835
7.	Net income of protected cells		
8.	Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7)	(1,304,291,678)	(130,268,161)
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	254,699,188	379,200,114
10.	Net realized capital gains or (losses) less capital gains tax of $ (6,634,423) (Exhibit of Capital Gains (Losses))	(109,455,311)	19,412,545
11.	Net investment gain (loss) (Lines 9 + 10)	145,243,877	398,612,659
	OTHER INCOME		
12.	Net gain (loss) from agents' or premium balances charged off (amount recovered $ 1,475,563 amount charged off $ 53,882,157)	(52,406,593)	(61,372,737)
13.	Finance and service charges not included in premiums	144,687,256	156,685,722
14.	Aggregate write-ins for miscellaneous income	58,319,930	45,020,456
15.	Total other income (Lines 12 through 14)	150,600,593	140,333,441
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(1,008,447,208)	408,677,939
17.	Dividends to policyholders	6,423,094	5,449,530
18.	Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	(1,014,870,302)	403,228,409
19.	Federal and foreign income taxes incurred	(104,762,611)	(21,616,615)
20.	Net income (Line 18 minus Line 19)(to Line 22)	(910,107,691)	424,845,024
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	10,586,144,639	9,475,043,410
22.	Net income (from Line 20)	(910,107,691)	424,845,024
23.	Net transfers (to) from Protected Cell accounts		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of $ (24,847,954)	173,056,813	742,307,771
25.	Change in net unrealized foreign exchange capital gain (loss)	(727,399)	4,585,376
26.	Change in net deferred income tax	387,249,774	(32,444,777)
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	(160,190,586)	(58,777,472)
28.	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	4,491,229	(9,345,960)
29.	Change in surplus notes		
30.	Surplus (contributed to) withdrawn from protected cells		
31.	Cumulative effect of changes in accounting principles		
32.	Capital changes:		
	32.1 Paid in		
	32.2 Transferred from surplus (Stock Dividend)		
	32.3 Transferred to surplus		
33.	Surplus adjustments:		
	33.1 Paid in		
	33.2 Transferred to capital (Stock Dividend)		
	33.3 Transferred from capital		
34.	Net remittances from or (to) Home Office		
35.	Dividends to stockholders		
36.	Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)		
37.	Aggregate write-ins for gains and losses in surplus	354,971,961	39,931,268
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)	(151,255,899)	1,111,101,230
39.	Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	10,434,888,740	10,586,144,639
	DETAILS OF WRITE-INS		
0501.	Loss based assessment payables	110,549	(282,106)
0502.			
0503.			
0598.	Summary of remaining write-ins for Line 5 from overflow page		
0599.	Totals (Lines 0501 thru 0503 plus 0598)(Line 5 above)	110,549	(282,106)
1401.	Change in contingent suit liabilities	2,221,422	22,819,016
1402.	Other miscellaneous expenses	56,098,508	22,201,440
1403.			
1498.	Summary of remaining write-ins for Line 14 from overflow page		
1499.	Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above)	58,319,930	45,020,456
3701.	Amortized discount of surplus notes	19,682,871	18,698,575
3702.	Goodwill amortization	(4,020,115)	(6,339,479)
3703.	Change in surplus - SRP additional minimum liabilities	179,536,897	(24,809,672)
3798.	Summary of remaining write-ins for Line 37 from overflow page	159,772,308	52,381,844
3799.	Totals (Lines 3701 thru 3703 plus 3798)(Line 37 above)	354,971,961	39,931,268

CASH FLOW

		1 Current Year	2 Prior Year
	Cash from Operations		
1.	Premiums collected net of reinsurance	12,676,718,133	12,026,340,887
2.	Net investment income	325,056,109	492,953,249
3.	Miscellaneous income	101,196,860	180,051,158
4.	Total (Lines 1 through 3)	13,102,971,102	12,699,345,294
5.	Benefit and loss related payments	8,026,867,476	7,209,640,861
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	5,358,474,467	5,361,184,754
8.	Dividends paid to policyholders	5,576,070	6,542,878
9.	Federal and foreign income taxes paid (recovered) net of $ 36,817,826 tax on capital gains (losses)	(37,957,349)	(245,781,452)
10.	Total (Lines 5 through 9)	13,352,960,664	12,331,587,041
11.	Net cash from operations (Line 4 minus Line 10)	(249,989,562)	367,758,253
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	2,630,544,049	1,407,646,500
	12.2 Stocks	117,510,077	201,188,833
	12.3 Mortgage loans	216,554,164	186,025,203
	12.4 Real estate	10,166,250	1,612,438
	12.5 Other invested assets	436,508,625	309,963,273
	12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(1,906)	13,944,599
	12.7 Miscellaneous proceeds	243,983,584	43,377,277
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	3,655,264,843	2,163,758,123
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	769,804,268	1,940,873,114
	13.2 Stocks	29,306,035	241,053,741
	13.3 Mortgage loans	69,592,478	120,107,629
	13.4 Real estate	119,501,366	12,200,957
	13.5 Other invested assets	1,066,842,686	1,032,626,954
	13.6 Miscellaneous applications	52,894,200	5,936,703
	13.7 Total investments acquired (Lines 13.1 to 13.6)	2,107,941,033	3,352,799,098
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	1,547,323,810	(1,189,040,975)
	Cash from Financing and Miscellaneous Sources		
16.	Cash provided (applied):		
	16.1 Surplus notes, capital notes		
	16.2 Capital and paid in surplus, less treasury stock		
	16.3 Borrowed funds	59,143	37,880
	16.4 Net deposits on deposit-type contracts and other insurance liabilities		
	16.5 Dividends to stockholders		
	16.6 Other cash provided (applied)	(1,179,519,077)	147,357,302
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(1,179,459,934)	147,395,182
	RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	117,874,314	(673,887,540)
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	281,805,165	955,692,705
	19.2 End of period (Line 18 plus Line 19.1)	399,679,479	281,805,165

Note: Supplemental disclosures of cash flow information for non-cash transactions:

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

	Line 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 1	3 Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire	145,171,371	72,304,822	75,241,720	142,234,473
2.	Allied lines	179,775,881	83,679,832	91,863,123	171,592,590
3.	Farmowners multiple peril	230,858,810	101,311,636	113,196,186	218,974,260
4.	Homeowners multiple peril	2,171,743,642	1,198,740,017	1,170,115,303	2,200,368,356
5.	Commercial multiple peril	1,181,573,101	551,101,612	582,708,097	1,149,966,616
6.	Mortgage guaranty				
8.	Ocean marine	20,098,587	9,444,798	9,072,360	20,471,025
9.	Inland marine	131,496,346	61,698,890	65,026,045	128,169,191
10.	Financial guaranty				
11.1	Medical professional liability - occurrence	1,036,440	486,542	257,759	1,265,223
11.2	Medical professional liability - claims-made	1,083,651	56,387	483,858	656,180
12.	Earthquake	38,255,967	20,602,557	18,779,552	40,078,972
13.	Group accident and health	177,790,468	248,311	222,651	177,816,128
14.	Credit accident and health (group and individual)				
15.	Other accident and health	1,312,702	193,577	267,223	1,239,056
16.	Workers' compensation	197,876,487	86,162,394	93,816,102	190,222,779
17.1	Other liability - occurrence	718,386,334	326,737,316	338,288,847	706,834,803
17.2	Other liability - claims-made	171,223,594	61,578,471	77,712,648	155,089,417
17.3	Excess workers' compensation				
18.1	Products liability - occurrence	62,165,195	31,990,328	32,477,844	61,677,679
18.2	Products liability - claims-made	209,581	190,368	144,844	255,105
19.1, 19.2	Private passenger auto liability	3,450,817,480	1,004,550,961	984,969,238	3,470,399,203
19.3, 19.4	Commercial auto liability	644,883,214	270,006,431	294,627,733	620,261,912
21.	Auto physical damage	2,400,735,560	707,493,982	708,218,442	2,400,011,100
22.	Aircraft (all perils)				
23.	Fidelity	1,283,616	982,071	1,023,814	1,241,873
24.	Surety	12,286,200	4,921,811	4,867,077	12,340,934
26.	Burglary and theft	3,867,612	1,612,266	1,802,877	3,677,001
27.	Boiler and machinery	239,563	(1,666,160)	(1,941,906)	515,309
28.	Credit	222,987	750,401	576,010	397,378
29.	International	(155)	16,810	16,657	(2)
30.	Warranty	33,734,900	38,377,129	37,601,830	34,510,199
31.	Reinsurance - nonproportional assumed property	(3,363)	(55,472)	(38,358)	(20,477)
32.	Reinsurance - nonproportional assumed liability	4,429		(16,855)	21,284
33.	Reinsurance - nonproportional assumed financial lines				
34.	Aggregate write-ins for other lines of business				
35.	TOTALS	11,978,130,200	4,633,518,088	4,701,380,721	11,910,267,567
	DETAILS OF WRITE-INS				
3401.					
3402.					
3403.					
3498.	Summary of remaining write-ins for Line 34 from overflow page				
3499.	Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)				

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

	Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	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	74,992,823	248,897			75,241,720
2.	Allied lines	91,455,552	407,571			91,863,123
3.	Farmowners multiple peril	113,196,186				113,196,186
4.	Homeowners multiple peril	1,157,689,763	12,425,540			1,170,115,303
5.	Commercial multiple peril	581,065,733	1,642,364			582,708,097
6.	Mortgage guaranty					
8.	Ocean marine	8,772,282	300,078			9,072,360
9.	Inland marine	64,437,867	588,178			65,026,045
10.	Financial guaranty					
11.1	Medical professional liability - occurrence	257,759				257,759
11.2	Medical professional liability - claims-made	483,858				483,858
12.	Earthquake	18,662,003	117,549			18,779,552
13.	Group accident and health	222,651				222,651
14.	Credit accident and health (group and individual)					
15.	Other accident and health	148,752			118,471	267,223
16.	Workers' compensation	93,807,099	9,003			93,816,102
17.1	Other liability - occurrence	315,085,150	23,203,697			338,288,847
17.2	Other liability - claims-made	76,045,787	1,628,244		38,617	77,712,648
17.3	Excess workers' compensation					
18.1	Products liability - occurrence	32,477,844				32,477,844
18.2	Products liability - claims-made	144,844				144,844
19.1, 19.2	Private passenger auto liability	984,953,381	15,857			984,969,238
19.3, 19.4	Commercial auto liability	290,612,983	4,014,750			294,627,733
21.	Auto physical damage	708,037,372	181,070			708,218,442
22.	Aircraft (all perils)					
23.	Fidelity	434,199	589,615			1,023,814
24.	Surety	3,653,966	1,213,111			4,867,077
26.	Burglary and theft	1,774,031	28,846			1,802,877
27.	Boiler and machinery	(1,942,369)	463			(1,941,906)
28.	Credit	33	575,977			576,010
29.	International	16,657				16,657
30.	Warranty	(596,014)	38,197,844			37,601,830
31.	Reinsurance - nonproportional assumed property	(38,358)				(38,358)
32.	Reinsurance - nonproportional assumed liability	(16,855)				(16,855)
33.	Reinsurance - nonproportional assumed financial lines					
34.	Aggregate write-ins for other lines of business					
35.	TOTALS	4,615,834,979	85,388,654		157,088	4,701,380,721
36.	Accrued retrospective premiums based on experience					(157,088)
37.	Earned but unbilled premiums					
38.	Balance (Sum of Line 35 through 37)					4,701,223,633
	DETAILS OF WRITE-INS					
3401.						
3402.						
3403.						
3498.	Summary of remaining write-ins for Line 34 from overflow page					
3499.	Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)					

(a) State here basis of computation used in each case See Notes to Financial Statements 1(C)

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

	Line of Business	1 Direct Business (a)	Reinsurance Assumed 2 From Affiliates	Reinsurance Assumed 3 From Non-Affiliates	Reinsurance Ceded 4 To Affiliates	Reinsurance Ceded 5 To Non-Affiliates	6 Net Premiums Written Cols. 1+2+3-4-5
1.	Fire	11,332,493	172,071,357	3,046,342	36,190,372	5,088,449	145,171,371
2.	Allied lines	11,103,231	208,150,909	1,708,034	39,358,232	1,828,061	179,775,881
3.	Farmowners multiple peril	184,823,354	93,434,888		44,958,168	2,441,264	230,858,810
4.	Homeowners multiple peril	195,771,403	2,511,174,709	2,360,730	426,719,517	110,843,683	2,171,743,642
5.	Commercial multiple peril	216,852,973	1,271,439,455	2	273,682,128	33,037,201	1,181,573,101
6.	Mortgage guaranty						
8.	Ocean marine		50,975,920	207	30,837,132	40,408	20,098,587
9.	Inland marine	47,360,580	121,664,166		34,802,935	2,725,465	131,496,346
10.	Financial guaranty						
11.1	Medical professional liability - occurrence	39,716	1,200,881		202,189	1,968	1,036,440
11.2	Medical professional liability - claims-made		1,296,387		212,736		1,083,651
12.	Earthquake	2,976,662	42,762,083		7,471,284	11,494	38,255,967
13.	Group accident and health	23,394,461	196,466,332	25,443	34,623,472	7,472,296	177,790,468
14.	Credit accident and health (group and individual)						
15.	Other accident and health	232,988	1,335,354		255,640		1,312,702
16.	Workers' compensation	66,240,332	178,511,348	3,210,988	47,401,120	2,685,061	197,876,487
17.1	Other liability - occurrence	134,287,607	1,021,795,268	8,187	411,371,686	26,333,042	718,386,334
17.2	Other liability - claims-made	1,625,676	237,182,051		67,584,133		171,223,594
17.3	Excess workers' compensation						
18.1	Products liability - occurrence	6,315,986	67,767,528		11,889,398	28,921	62,165,195
18.2	Products liability - claims-made		250,395		40,814		209,581
19.1, 19.2	Private passenger auto liability	1,307,186,496	2,802,532,373	131,325,868	672,021,271	118,205,986	3,450,817,480
19.3, 19.4	Commercial auto liability	215,829,057	730,132,514	2,424,447	302,429,807	1,072,997	644,883,214
21.	Auto physical damage	963,054,021	1,960,396,913	23,035	516,962,383	5,776,026	2,400,735,560
22.	Aircraft (all perils)			142	142		
23.	Fidelity	1,112,225	492,848	191	251,263	70,385	1,283,616
24.	Surety	9,831,066	5,484,010	66,194	2,440,272	654,798	12,286,200
26.	Burglary and theft	2,348,651	2,422,531	(1)	863,171	40,398	3,867,612
27.	Boiler and machinery	6,369,133	1,696,300	272	1,278,119	6,548,023	239,563
28.	Credit		266,412		43,425		222,987
29.	International			(95)	52	8	(155)
30.	Warranty		81,404,972		47,670,072		33,734,900
31.	Reinsurance - nonproportional assumed property	XXX		(4,528)	(655)	(510)	(3,363)
32.	Reinsurance - nonproportional assumed liability	XXX		8,561	863	3,269	4,429
33.	Reinsurance - nonproportional assumed financial lines	XXX					
34.	Aggregate write-ins for other lines of business						
35.	TOTALS	3,408,088,111	11,762,307,904	144,204,019	3,011,561,141	324,908,693	11,978,130,200
	DETAILS OF WRITE-INS						
3401.							
3402.							
3403.							
3498.	Summary of remaining write-ins for Line 34 from overflow page						
3499.	Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)						

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

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

		Losses Paid Less Salvage				5	6	7	8
		1	2	3	4				
	Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Recovered	Net Payments (Cols. 1 + 2 -3)	Net Losses Unpaid Current Year (Part 2A , Col. 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Cols. 4 + 5 - 6)	Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1.	Fire	4,552,543	63,925,722	12,569,831	55,908,434	16,496,315	17,774,069	54,630,680	38.4
2.	Allied lines	13,635,435	177,136,673	35,379,850	155,392,258	28,122,341	27,558,918	155,955,681	90.9
3.	Farmowners multiple peril	111,628,705	69,359,181	29,923,972	151,063,914	65,937,898	61,543,937	155,457,875	71.0
4.	Homeowners multiple peril	181,157,389	2,176,584,865	387,431,671	1,970,310,583	478,714,307	527,480,449	1,921,544,441	87.3
5.	Commercial multiple peril	175,907,783	818,277,299	176,961,669	817,223,413	855,271,254	929,327,451	743,167,216	64.6
6.	Mortgage guaranty								
8.	Ocean marine		28,354,541	16,415,582	11,938,959	17,550,055	18,791,069	10,697,945	52.3
9.	Inland marine	23,332,771	48,207,912	16,262,799	55,277,884	11,996,127	11,954,111	55,319,900	43.2
10.	Financial guaranty								
11.1	Medical professional liability - occurrence		348,558	129,449	219,109	1,587,050	1,924,732	(118,573)	(9.4)
11.2	Medical professional liability - claims-made		292,209	169,920	122,289	2,601,758	2,875,588	(151,541)	(23.1)
12.	Earthquake	3,604	137,276	90,191	50,689	452,340	942,097	(439,068)	(1.1)
13.	Group accident and health	13,955,629	152,763,349	34,322,069	132,396,909	488,898	633,773	132,252,034	74.4
14.	Credit accident and health (group and individual)								
15.	Other accident and health	163,132	975,837	73,103	1,065,866	3,575,331	3,401,000	1,240,197	100.1
16.	Workers' compensation	48,793,522	92,215,379	30,262,832	110,746,069	524,988,448	500,059,735	135,674,782	71.3
17.1	Other liability - occurrence	48,981,626	478,685,891	199,219,203	328,448,314	1,147,650,130	1,257,705,669	218,392,775	30.9
17.2	Other liability - claims-made	308,100	45,957,772	11,631,785	34,634,087	81,300,098	76,811,578	39,122,607	25.2
17.3	Excess workers' compensation								
18.1	Products liability - occurrence	2,836,640	38,412,511	8,060,026	33,189,125	130,045,810	106,157,939	57,076,996	92.5
18.2	Products liability - claims-made		1,005,110	163,833	841,277	222,725	1,108,370	(44,368)	(17.4)
19.1, 19.2	Private passenger auto liability	792,635,447	2,027,308,058	561,127,708	2,258,815,797	2,398,530,050	2,471,200,409	2,186,145,438	63.0
19.3, 19.4	Commercial auto liability	137,288,863	455,366,701	192,906,921	399,748,643	692,178,658	733,485,507	358,441,794	57.8
21.	Auto physical damage	571,495,526	1,298,530,840	332,458,210	1,537,568,156	40,905,694	53,354,116	1,525,119,734	63.5
22.	Aircraft (all perils)		50,388	50,388			(388)	388	
23.	Fidelity	7,639	(1,270)	1,427	4,942	(6,068)	(10,660)	9,534	0.8
24.	Surety	1,164,098	367,791	495,988	1,035,901	(158,518)	100,222	777,161	6.3
26.	Burglary and theft	420,169	938,864	221,753	1,137,280	732,579	673,668	1,196,191	32.5
27.	Boiler and machinery	2,326,695	456,038	2,762,211	20,522	924,884	778,441	166,965	32.4
28.	Credit		387,695	63,194	324,501	1,665,629	1,581,930	408,200	102.7
29.	International		64,871	64,871			682,156	(682,156)	34,107,800.0
30.	Warranty		70,540,187	38,771,983	31,768,204	1,778,625	1,727,568	31,819,261	92.2
31.	Reinsurance - nonproportional assumed property	XXX	(152,572)	(152,572)		1	(31,942,749)	31,942,750	(155,993.3)
32.	Reinsurance - nonproportional assumed liability	XXX	4,231,201	4,231,202	(1)			(1)	0.0
33.	Reinsurance - nonproportional assumed financial lines	XXX							
34.	Aggregate write-ins for other lines of business								
35.	TOTALS	2,130,595,316	8,050,728,877	2,092,071,069	8,089,253,124	6,503,552,419	6,777,680,705	7,815,124,838	65.6
	DETAILS OF WRITE-INS								
3401.									
3402.									
3403.									
3498.	Summary of remaining write-ins for Line 34 from overflow page								
3499.	Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)								

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

	Line of Business	Reported Losses 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)	Incurred But Not Reported 5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded	8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
1.	Fire	1,467,176	14,606,100	3,527,890	12,545,386	306,263	4,654,971	1,010,305	16,496,315	
2.	Allied lines	1,416,940	24,409,389	4,951,898	20,874,431	306,919	8,392,484	1,451,493	28,122,341	3,044,873
3.	Farmowners multiple peril	45,418,541	21,658,941	10,933,725	56,143,757	9,256,258	2,445,113	1,907,230	65,937,898	6,574,216
4.	Homeowners multiple peril	33,567,525	443,456,170	79,000,877	398,022,818	10,742,351	86,312,725	16,363,587	478,714,307	13,779,177
5.	Commercial multiple peril	159,051,654	612,075,583	138,013,359	633,113,878	64,050,737	215,309,643	57,203,004	855,271,254	78,383,617
6.	Mortgage guaranty									320,132,021
8.	Ocean marine		29,261,540	18,897,967	10,363,573		18,020,438	10,833,956	17,550,055	
9.	Inland marine	1,374,410	9,712,433	3,416,409	7,670,434	5,279,704	2,103,771	3,057,782	11,996,127	4,839,622
10.	Financial guaranty									1,701,526
11.1	Medical professional liability - occurrence	(6,685)	2,183,205	1,040,278	1,136,242	57,007	481,714	87,913	1,587,050	
11.2	Medical professional liability - claims-made		5,741,982	3,585,878	2,156,104		708,228	262,574	2,601,758	828,916
12.	Earthquake	5,997	115,578	20,002	101,573	19,344	399,733	68,310	452,340	384,072
13.	Group accident and health		1,109	1,109		697,619	208,622	417,343	(a) 488,898	196,194
14.	Credit accident and health (group and individual)									15,226
15.	Other accident and health	1,183,105	2,634,476	710,940	3,106,641	195,994	371,528	98,832	(a) 3,575,331	
16.	Workers' compensation	207,344,030	309,736,029	134,345,215	382,734,844	90,267,615	97,233,056	45,247,067	524,988,448	164,385
17.1	Other liability - occurrence	77,800,366	575,439,191	163,619,262	489,620,295	109,491,887	805,408,834	256,870,886	1,147,650,130	34,877,592
17.2	Other liability - claims-made	(157)	59,471,293	24,309,675	35,161,461	2,154,530	64,356,483	20,372,376	81,300,098	342,561,484
17.3	Excess workers' compensation									71,414,251
18.1	Products liability - occurrence	4,355,422	76,179,517	15,275,757	65,259,182	4,305,684	75,654,983	15,174,039	130,045,810	
18.2	Products liability - claims-made		260,000	42,380	217,620	11,283	3,810	9,988	222,725	97,917,116
19.1, 19.2	Private passenger auto liability	973,243,856	1,774,807,993	870,308,971	1,877,742,878	172,335,303	649,839,233	301,387,364	2,398,530,050	27,141
19.3, 19.4	Commercial auto liability	187,895,864	542,335,409	244,099,892	486,131,381	63,943,800	265,227,685	123,124,208	692,178,658	298,519,626
21.	Auto physical damage	(33,781,236)	51,812,040	7,290,011	10,740,793	21,505,396	14,643,863	5,984,358	40,905,694	99,310,259
22.	Aircraft (all perils)		391,619	391,619			383,408	383,408		22,849,554
23.	Fidelity	24,756	23,514	27,848	20,422	(20,451)	1,308	7,347	(6,068)	
24.	Surety	157,619	2,686,868	2,634,557	209,930	(304,268)	358,351	422,531	(158,518)	117,746
26.	Burglary and theft	50,093	808,896	146,742	712,247	36,833	(6,996)	9,505	732,579	1,540,310
27.	Boiler and machinery	197,320	(151,322)	201,848	(155,850)	376,932	974,355	270,553	924,884	66,899
28.	Credit		1,000	163	837		1,988,999	324,207	1,665,629	707,456
29.	International		278,052	278,052			338,019	338,019		15,032
30.	Warranty		705	705			4,265,812	2,487,187	1,778,625	
31.	Reinsurance - nonproportional assumed property	XXX	1,456,315	1,456,314	1	XXX	935,813	935,813	1	759
32.	Reinsurance - nonproportional assumed liability	XXX	35,701,237	35,701,237		XXX	115,291,385	115,291,385		
33.	Reinsurance - nonproportional assumed financial lines	XXX				XXX	28,950	28,950		
34.	Aggregate write-ins for other lines of business									
35.	TOTALS	1,660,766,596	4,597,094,862	1,764,230,580	4,493,630,878	555,016,740	2,436,336,321	981,431,520	6,503,552,419	1,399,969,070
	DETAILS OF WRITE-INS									
3401.										
3402.										
3403.										
3498.	Summary of remaining write-ins for Line 34 from overflow page									
3499.	Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)									

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

		1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1.	Claim adjustment services:				
	1.1 Direct	72,227,564			72,227,564
	1.2 Reinsurance assumed	539,916,298			539,916,298
	1.3 Reinsurance ceded	152,412,691			152,412,691
	1.4 Net claim adjustment service (1.1 + 1.2 - 1.3)	459,731,171			459,731,171
2.	Commission and brokerage:				
	2.1 Direct excluding contingent		401,916,151		401,916,151
	2.2 Reinsurance assumed, excluding contingent		1,605,389,759		1,605,389,759
	2.3 Reinsurance ceded, excluding contingent		471,452,738		471,452,738
	2.4 Contingent - direct		67,393,393		67,393,393
	2.5 Contingent - reinsurance assumed		208,556,192		208,556,192
	2.6 Contingent - reinsurance ceded		45,635,682		45,635,682
	2.7 Policy and membership fees				
	2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)		1,766,167,075		1,766,167,075
3.	Allowances to managers and agents	499,705	27,393,493	10,600	27,903,798
4.	Advertising	672,097	219,728,328	8,034	220,408,459
5.	Boards, bureaus and associations	3,035,086	19,297,204	387	22,332,677
6.	Surveys and underwriting reports	1,726,126	80,236,494		81,962,620
7.	Audit of assureds' records	6,234	2,902,142		2,908,376
8.	Salary and related items:				
	8.1 Salaries	463,703,237	775,028,863	20,214,519	1,258,946,619
	8.2 Payroll taxes	1,058,696	112,679,746		113,738,442
9.	Employee relations and welfare	104,787,580	55,184,672	3,878,156	163,850,408
10.	Insurance	53,603	19,076,656		19,130,259
11.	Directors' fees	(248)	1,956,218	125,949	2,081,919
12.	Travel and travel items	43,915,147	63,524,464	592,369	108,031,980
13.	Rent and rent items	32,562,215	134,944,972	523,680	168,030,867
14.	Equipment	18,101,874	21,641,412	3,519,173	43,262,459
15.	Cost or depreciation of EDP equipment and software	3,144,709	70,250,463	(66,953)	73,328,219
16.	Printing and stationery	5,626,236	51,949,970	15,150	57,591,356
17.	Postage, telephone and telegraph, exchange and express	16,934,099	52,640,698	63,956	69,638,753
18.	Legal and auditing	17,989,949	193,505,572	(121,116)	211,374,405
19.	Totals (Lines 3 to 18)	713,816,345	1,901,941,367	28,763,904	2,644,521,616
20.	Taxes, licenses and fees:				
	20.1 State and local insurance taxes deducting guaranty association credits of $		228,303,629		228,303,629
	20.2 Insurance department licenses and fees		15,494,417		15,494,417
	20.3 Gross guaranty association assessments		(10,215,194)		(10,215,194)
	20.4 All other (excluding federal and foreign income and real estate)		32,895,079		32,895,079
	20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		266,477,931		266,477,931
21.	Real estate expenses			74,761,734	74,761,734
22.	Real estate taxes		895,150	16,661,841	17,556,991
23.	Reimbursements by uninsured plans				
24.	Aggregate write-ins for miscellaneous expenses	175,859,031	114,435,794	(161,146)	290,133,679
25.	Total expenses incurred	1,349,406,547	4,049,917,317	120,026,333	(a) 5,519,350,197
26.	Less unpaid expenses - current year	1,399,969,070	431,548,285	20,662,570	1,852,179,925
27.	Add unpaid expenses - prior year	1,419,647,911	390,123,255	28,641,438	1,838,412,604
28.	Amounts receivable relating to uninsured plans, prior year				
29.	Amounts receivable relating to uninsured plans, current year				
30.	TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	1,369,085,388	4,008,492,287	128,005,201	5,505,582,876
	DETAILS OF WRITE-INS				
2401.	Service fees		13,293,988		13,293,988
2402.	Other expenses	170,045,170	50,558,510	(376,880)	220,226,800
2403.	Outside services and income	5,813,861	47,052,534	215,734	53,082,129
2498.	Summary of remaining write-ins for Line 24 from overflow page		3,530,762		3,530,762
2499.	Totals (Lines 2401 thru 2403 plus 2498)(Line 24 above)	175,859,031	114,435,794	(161,146)	290,133,679

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

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a) 46,603,635	39,352,218
1.1	Bonds exempt from U.S. tax	(a) 129,631,865	127,790,904
1.2	Other bonds (unaffiliated)	(a) 265,498,840	255,246,977
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b) 22,555	22,555
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	5,776,296	5,781,774
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c) 54,918,728	53,603,582
4.	Real estate	(d) 95,472,386	95,472,386
5	Contract loans		
6	Cash, cash equivalents and short-term investments	(e) 1,770,304	6,145,877
7	Derivative instruments	(f) 27,500,631	26,598,857
8.	Other invested assets	(27,591,845)	(27,591,845)
9.	Aggregate write-ins for investment income	13,983,998	13,983,998
10.	Total gross investment income	613,587,393	596,407,283
11.	Investment expenses		(g) 91,401,482
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g) 16,661,841
13.	Interest expense		(h) 206,950,308
14.	Depreciation on real estate and other invested assets		(i) 24,771,368
15.	Aggregate write-ins for deductions from investment income		1,923,096
16.	Total deductions (Lines 11 through 15)		341,708,095
17.	Net investment income (Line 10 minus Line 16)		254,699,188
	DETAILS OF WRITE-INS		
0901.	Securities lending	453,683	453,683
0902.	Change in CSV of life insurance assets	7,125,029	7,125,029
0903.	Miscellaneous income/expense	6,405,286	6,405,286
0998.	Summary of remaining write-ins for Line 9 from overflow page		
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	13,983,998	13,983,998
1501.	Mortgage loan service fees		357,013
1502.	Home purchase expense		1,566,083
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		
1599.	Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above)		1,923,096

(a) Includes $ 23,839,876 accrual of discount less $ 36,595,685 amortization of premium and less $ 5,017,601 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 $ 10,546,635 accrual of discount less $ .... amortization of premium and less $ .... paid for accrued interest on purchases.

(d) Includes $ 96,281,018 for company's occupancy of its own buildings; and excludes $ .... interest on encumbrances.

(e) Includes $ .... accrual of discount less $ .... amortization of premium and less $ .... paid for accrued interest on purchases.

(f) Includes $ .... accrual of discount less $ .... amortization of premium.

(g) Includes $ .... investment expenses and $ .... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.

(h) Includes $ 204,702,500 interest on surplus notes and $ .... interest on capital notes.

(i) Includes $ .... depreciation on real estate and $ .... depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds	70,388,461		70,388,461	40,169,175	
1.1	Bonds exempt from U.S. tax	(835,602)		(835,602)	578,214	
1.2	Other bonds (unaffiliated)	27,678,334	(5,803,892)	21,874,442	12,960,526	(887,002)
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)				14,274	
2.11	Preferred stocks of affiliates				(340,000)	
2.2	Common stocks (unaffiliated)	2,296,730		2,296,730	(5,319,412)	
2.21	Common stocks of affiliates				184,089,972	
3.	Mortgage loans	8,841,587	(962,040)	7,879,547	2,417,739	
4.	Real estate	708,427		708,427		
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments					
7.	Derivative instruments	(196,889,811)	(1,611,183)	(198,500,994)	(166,008,118)	161,158
8.	Other invested assets	21,959,110	(32,313,120)	(10,354,010)	78,969,419	
9.	Aggregate write-ins for capital gains (losses)	(8,516,048)	(1,030,685)	(9,546,733)	677,074	(1,555)
10.	Total capital gains (losses)	(74,368,812)	(41,720,920)	(116,089,732)	148,208,862	(727,399)
	DETAILS OF WRITE-INS					
0901.	FX Realized On Currency		(1,906)	(1,906)		
0902.	FX Unrealized On Currency					(1,555)
0903.	Miscellaneous gain	565,888		565,888		
0998.	Summary of remaining write-ins for Line 9 from overflow page	(9,081,936)	(1,028,779)	(10,110,715)	677,074	
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	(8,516,048)	(1,030,685)	(9,546,733)	677,074	(1,555)

EXHIBIT OF NON-ADMITTED ASSETS

		1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D)			
2.	Stocks (Schedule D):			
	2.1 Preferred stocks			
	2.2 Common stocks			
3.	Mortgage loans on real estate (Schedule B):			
	3.1 First liens			
	3.2 Other than first liens			
4.	Real estate (Schedule A):			
	4.1 Properties occupied by the company			
	4.2 Properties held for the production of income			
	4.3 Properties held for sale			
5.	Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)			
6.	Contract loans			
7.	Derivatives (Schedule DB)			
8.	Other invested assets (Schedule BA)	51,446,489	47,190,476	(4,256,013)
9.	Receivables for securities		548,925	548,925
10.	Securities lending reinvested collateral assets (Schedule DL)	7,712,247	1,488,428	(6,223,819)
11.	Aggregate write-ins for invested assets			
12.	Subtotals, cash and invested assets (Lines 1 to 11)	59,158,736	49,227,829	(9,930,907)
13.	Title plants (for Title insurers only)			
14.	Investment income due and accrued	114,898	633,140	518,242
15.	Premiums and considerations:			
	15.1 Uncollected premiums and agents' balances in the course of collection	101,117,430	88,672,422	(12,445,008)
	15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	9,794,883	5,427,919	(4,366,964)
	15.3 Accrued retrospective premiums			
16.	Reinsurance:			
	16.1 Amounts recoverable from reinsurers			
	16.2 Funds held by or deposited with reinsured companies			
	16.3 Other amounts receivable under reinsurance contracts			
17.	Amounts receivable relating to uninsured plans			
18.1	Current federal and foreign income tax recoverable and interest thereon			
18.2	Net deferred tax asset	654,846,071	655,423,627	577,556
19.	Guaranty funds receivable or on deposit			
20.	Electronic data processing equipment and software			
21.	Furniture and equipment, including health care delivery assets	256,636,456	266,584,068	9,947,612
22.	Net adjustment in assets and liabilities due to foreign exchange rates			
23.	Receivables from parent, subsidiaries and affiliates	3,073,219	7,286,148	4,212,929
24.	Health care and other amounts receivable			
25.	Aggregate write-ins for other than invested assets	374,625,351	366,123,627	(8,501,724)
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,459,367,044	1,439,378,780	(19,988,264)
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28.	Total (Lines 26 and 27)	1,459,367,044	1,439,378,780	(19,988,264)
	DETAILS OF WRITE-INS			
1101.				
1102.				
1103.				
1198.	Summary of remaining write-ins for Line 11 from overflow page			
1199.	Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)			
2501.	Deposits and prepaid assets	165,511,906	250,328,564	84,816,658
2502.	Miscellaneous assets	94,682,805	57,976,438	(36,706,367)
2503.	Other assets nonadmitted	114,430,640	57,818,625	(56,612,015)
2598.	Summary of remaining write-ins for Line 25 from overflow page			
2599.	Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	374,625,351	366,123,627	(8,501,724)

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying statutory financial statements of Nationwide Mutual Insurance Company (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 files a consolidated federal income tax return, which includes all eligible U.S. affiliates. In this regard, the included subsidiaries pay to the Company the amount which would have been payable on a separate return basis without regard to the alternative minimum tax. The Company pays tax due on a consolidated basis.

Of the two other sister mutual insurance companies, Nationwide Mutual Fire Insurance Company files its own consolidated returns with its subsidiaries, and Farmland Mutual Insurance Company files on an individual basis. In addition, Colonial County Mutual Insurance Company, an affiliate, files on an individual basis. Any impact of those tax filings under U.S. tax law have been reflected in the provision for income tax expense and related liabilities.

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). These conditional reserves were $17,790,663 and $22,281,892 as of December 31, 2011 and 2010, respectively.

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.

NOTES TO FINANCIAL STATEMENTS

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 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 accretable 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:

   With the exception of Nationwide Corporation, the admitted investments in all subsidiary, controlled, and affiliated (SCA) entities are valued using an equity method approach. Under this approach, investments in insurance affiliated companies are stated at underlying statutory equity value adjusted for unamortized goodwill. Investments in non-insurance affiliated companies 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 audited GAAP equity adjusted to a statutory basis of accounting. Investments in non-insurance affiliated companies 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 audited GAAP equity. Investments in subsidiaries formerly traded on a major stock exchange are stated at discounted market. Unaudited affiliated companies of the reporting entity or its affiliates are non-admitted under prescribed SAP accounting practices. Goodwill arising from the acquisition of subsidiaries or affiliated companies is amortized over a period of ten years. Unamortized goodwill at December 31, 2011 was $1.2 billion of which $447.9 million was nonadmitted because total unamortized goodwill exceeded 10% of adjusted policyholders' surplus as of the end of the prior quarter. Unamortized goodwill at December 31, 2010 was $1.4 billion of which $564.8 million was nonadmitted because total unamortized goodwill exceeded 10% of adjusted policyholders' surplus as of the end of the prior quarter.

   Nationwide Corporation is an unaudited, downstream, noninsurance holding company consisting of Nationwide Financial Services, Inc. (NFS), NWD Management Research Trust, Nationwide Global Holdings, and Nationwide Better Health. In accordance with the "look through" provisions of SSAP No. 97, *Investments in Subsidiary, Controlled, and Affiliated Entities, A Replacement of SSAP No. 88*, valuation of the admitted investment in Nationwide Corporation is based on the individual audited SCA entities owned by Nationwide Corporation, which is currently NFS. Additionally, all non-affiliated liabilities, commitments, contingencies, guarantees or obligations of Nationwide Corporation are reflected in its carrying value. The unaudited assets of Nationwide Corporation and the unaudited SCA entities of Nationwide Corporation, both of which are immaterial, are non-admitted.

NOTES TO FINANCIAL STATEMENTS

8. Other invested assets consist primarily of investments in partnerships, limited liability companies and joint ventures. Underlying investments primarily include hedge funds, private equity funds and low income housing tax credits. Except for investments in low income housing tax credit partnerships, interests are reported 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. Partnership interests in low income housing tax credits are carried at amortized cost with amortization charged to investment income over the period in which the tax benefits, primarily credits, are utilized. 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

   The Company uses derivative instruments to manage risks associated with interest rates, equity markets, foreign currency and credit. These derivative instruments primarily include interest rate swaps, futures contracts, credit default swaps, currency contracts and other traditional swap agreements.

   Derivative instruments used in hedging transactions considered to be effective hedges are valued and reported in a manner consistent with the hedged items (i.e., hedge accounting). Derivative instruments used in hedging transactions that do not meet or no longer meet the criteria of an effective hedge are accounted for at fair value and the changes in the fair value are recorded in surplus as unrealized gains or unrealized losses. Derivative instrument cash flows and payment accruals are recorded as realized gains and losses or in net investment income.

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.

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.

NOTES TO FINANCIAL STATEMENTS

Correction of Error

At December 31, 2010 a $7.9 million prior period adjustment was required to adjust deferred taxes related to the contingent surplus note offering. In 2004, when the contingent surplus note offering was initially set up the deferred taxes were not properly accounted for when it was determined the instrument should be accounted for as a derivative.

Note 3 - Business Combinations and Goodwill

A. Statutory Purchase Method

1. On January 1, 2009, the Company, along with Nationwide Mutual Fire Insurance Company and Nationwide Corporation, an affiliated company, acquired the remaining 33.5% interest in the Nationwide Financial Services, Inc. (NFS). Upon the closing of the transaction on January 1, 2009, NFS became a wholly owned, privately held subsidiary of Nationwide Corporation through a merger of NFS and NWM Merger Sub, Inc., a wholly owned subsidiary of Nationwide Corporation. On that date, all 100 of NWM Merger Sub's issued and outstanding common stock became the issued and outstanding common stock of NFS and all such shares are held by Nationwide Corporation. On the date of acquisition, statutory surplus decreased $2.9 billion as a result of the change in valuation methodology under prescribed statutory accounting practices.

   On December 31, 2008, Scottsdale Insurance Company purchased 100% of Atlantic from Traveler's. In September, 2008, Traveler's and Atlantic entered into a transfer and assumption agreement. As a result of the Agreement, Atlantic transferred all of its assets, subject to specific exception of the Retained Assets set forth in the Transfer and Assumption Agreement, and all of its liabilities to and assumed by Travelers as of the date of the sale to Scottsdale Insurance Company. The purchase of Atlantic by Scottsdale Insurance Company included the transfer of investments and premium tax recoverables totaling $8.7 million. On July 28, 2009, the Ohio Department of Insurance signed the order authorizing the redomestication of Atlantic Insurance Company from Texas to Ohio and changing the name to Freedom Specialty Insurance Company.

   In July 2008, Scottsdale Insurance Company entered into an agreement with Veterinary Pet Insurance Company (VPI) to acquire the remaining 35% interest in their outstanding shares. Based in Brea, California, VPI is the oldest and largest health insurance provider for pets in the United States offering insurance plans which reimburse eligible veterinary expenses relating to accidents, illnesses and injuries for dogs, cats, birds and exotic pets. The VPI asset acquisition solidifies the Company's position in the pet insurance market, which is available in all 50 states and the District of Columbia. Policies are underwritten by VPI in California, and in all other states by National Casualty Company.

   On August 1, 2003, the Company purchased 100% of THI Holdings, Inc. (THI) consisting of seven insurance companies. These companies are Victoria Fire & Casualty Company, Victoria Automobile Insurance Company, Victoria National Insurance Company, Victoria Specialty Insurance Company, Victoria Select Insurance Company, Titan Indemnity and Titan Insurance Company. Prior to January 1, 2010, Titan Insurance Company had a 100% quota share agreement with Titan Indemnity Company, who also had a 100% quota share agreement with Victoria Fire & Casualty Company. Victoria Fire and Casualty had a 90% quota share agreement with the Company. Effective January 1, 2010, these contracts were amended to a 100% quota share agreement between each entity and the Company. As of January 1, 2010, Victoria Fire & Casualty Company, Victoria Automobile Insurance Company, Victoria National Insurance Company, Victoria Specialty Insurance Company and Victoria Select Insurance Company were members of a pool in which Victoria Fire & Casualty Company was the lead company with 100% retrocession which was contributed to the Nationwide Pool. Effective January 1, 2011 the Victoria pool was terminated and each of the Victoria companies were added to the pool where the Company retains 83.7% of the results.

   In 2002, the Company purchased a greater interest in Nationwide Realty Investors, LLC (Nationwide Realty). The Company's ownership in Nationwide Realty increased to 95%. Nationwide Realty is an Ohio limited liability company engaged in the business of developing, owning and operating real estate investments.

2. The five transactions above were accounted for as statutory purchases.

3. The Company, along with Nationwide Mutual Fire Insurance Company and Nationwide Corporation, an affiliated company, acquired the remaining interest in NFS outstanding publicly held Class A common stock in exchange for cash consideration of $2.4 billion through its subsidiary Nationwide Corporation. The acquisition resulted in goodwill of $1.77 billion. The cost of the Freedom Specialty acquisition was $16.0 million, resulting in goodwill of $7.3 million. The cost of the VPI acquisition was $29.4 million, resulting in goodwill of $21.5 million. The cost of the THI acquisition was $140.0 million, resulting in goodwill of $5.4 million. The initial cost of the Nationwide Realty acquisition was $158.9 million resulting in goodwill of $44.4 million. In 2002, additional portions of Nationwide Realty were purchased at a cost of $36.5 million generating goodwill of $17.3 million.

4. Goodwill amortization for the year ended December 31, 2011 related to the purchases of NFS, Freedom Specialty Insurance Company, VPI, THI and Nationwide Realty was $186.3 million, $725.2 thousand, $14 million, $0.5 million and $4.5 million, respectively.

B. Statutory Merger

Not applicable.

C. Impairment Loss

Not applicable.

Note 4 - Discontinued Operations

Not applicable.

Note 5 - Investments

A. Mortgage Loans

1. The maximum and minimum lending rates for commercial mortgage loans originated during 2011 were 14.0% and 5.83%, respectively.

2. During 2011 the Company reduced interest rates on outstanding loans in the amount of $20,136,997. Interest rate reductions ranged from 1.0% to 4.41%.

3. At December 31, 2011, the maximum percentage of any one loan to the value of collateral at the time of the loan is 89.8%.

NOTES TO FINANCIAL STATEMENTS

4. As of December 31, 2011 and 2010, the Company held $9,209,615 and $20,469,460, respectively, in mortgages with interest 180 days or more past due with a recorded investment, excluding accrued interest. Total interest due on mortgages with interest more than 180 days past due as of December 31, 2011 and 2010 was $86,297 and $289,590, respectively.

5. There were no taxes, assessments or any amounts advanced and not included in the mortgage loan.

6. Investments on loans with impairments totaled $15,951,197 and $18,651,759 at December 31, 2011 and 2010, respectively, with related allowance for credit losses of $3,149,494 and $2,507,941, respectively.

7. There were no impaired mortgage loans without an allowance for credit losses.

8. The average investment for impaired loans was $3,987,799 and $9,325,879 during 2011 and 2010, respectively.

9. There was $273,818 and $927,000 interest income recognized during 2011 and 2010, respectively, during the period the loans were impaired.

10. There was $253,236 and $927,000 interest income recognized during 2011 and 2010, respectively, on a cash basis during the period the loans were impaired.

11. Allowance for Credit Losses

	12/31/2011	12/31/2010
a. Balance at beginning of period	$ 23,700,014	$ 25,716,900
b. Additions charged to operations	$ 4,618,976	$ 11,753,634
c. Direct write-downs charged against the allowances	$ 0	$ 0
d. Recoveries of amounts previously charged off	$ (12,021,804)	$ (13,770,520)
e. Balance at end of period	$ 16,297,186	$ 23,700,014

12. The Company accrues interest income on impaired loans to the extent it is deemed collectible (delinquent less than 90 days) and the loan continues to perform under its original or restructured contractual terms. Interest received on non-accrual status mortgage loans on real estate is included in net investment income in the period received.

B. Troubled Debt Restructuring for Creditors

1. The total recorded investment in restructured loans as of December 31, 2011 and 2010, was $105,306,985 and $103,591,408, respectively.

2. The realized capital losses related to these loans as of December 31, 2011 and 2010, was $2,738,438 and $4,760,188, respectively.

3. There were no contractual commitments to extend credit to debtors owing receivables whose terms have been modified in troubled debt restructurings as of December 31, 2011 and 2010.

4. The Company accrues interest income on impaired loans to the extent it is deemed collectible (delinquent less than 90 days) and the loan continues to perform under its original or restructured contractual terms. Interest received on non-accrual status mortgage loans on real estate is included in net investment income in the period received.

C. Reverse Mortgages

Not applicable.

D. Loan-Backed Securities

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

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	$ -	$ -	$ -

NOTES TO FINANCIAL STATEMENTS

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 year 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) CUSIP	(2) Amortized Cost Before Current Period OTTI	(3) Present Value of Projected Cash Flows	(4) Recognized Other-Than-Temporary Impairment	(5) Amortized Cost After Other-Than-Temporary Impairment	(6) Fair Value at time of OTTI	(7) Date of Financial Statement Where Reported
02150FAA8	$ 2,147,522	$ 1,956,089	$ 191,433	$ 1,956,089	$ 1,561,427	Q4'11
74041EAC9	$ 58,263	$ 0	$ 58,263	$ 0	$ 0	Q4'11
75903AAD9	$ 10,032	$ 0	$ 10,032	$ 0	$ (0)	Q4'11
75970QAD2	$ 6,739,218	$ 6,613,494	$ 125,724	$ 6,613,494	$ 3,679,357	Q4'11
761143AD8	$ 4,707,759	$ 4,451,646	$ 256,114	$ 4,451,646	$ 3,479,950	Q4'11
872227AA1	$ 6,989,970	$ 6,654,706	$ 335,265	$ 6,654,706	$ 4,643,261	Q4'11
01448YAE3	$ 904,102	$ 629,531	$ 274,571	$ 629,531	$ 285,273	Q3 '11
126694WE4	$ 7,668,432	$ 7,173,412	$ 495,020	$ 7,173,412	$ 4,600,079	Q3 '11
32052EAA7	$ 5,553,827	$ 5,249,995	$ 303,831	$ 5,249,995	$ 3,803,478	Q3 '11
39539MAA7	$ 7,060,981	$ 6,804,884	$ 256,097	$ 6,804,884	$ 4,634,557	Q3 '11
61748HLC3	$ 11,735,039	$ 11,321,889	$ 413,150	$ 11,321,889	$ 8,598,886	Q3 '11
75115LAA5	$ 6,887,687	$ 6,077,014	$ 810,673	$ 6,077,014	$ 4,269,666	Q3 '11
761143AD8	$ 4,803,668	$ 4,738,341	$ 65,328	$ 4,738,341	$ 3,541,803	Q3 '11
872227AA1	$ 7,729,724	$ 7,592,911	$ 136,813	$ 7,592,911	$ 5,346,141	Q3 '11
12638PAB5	$ 5,628,841	$ 5,476,250	$ 152,591	$ 5,476,250	$ 3,488,058	Q2 '11
126670FB9	$ 4,124,307	$ 4,067,928	$ 56,379	$ 4,067,928	$ 3,091,215	Q2 '11
126694WE4	$ 7,938,159	$ 7,765,532	$ 172,627	$ 7,765,532	$ 5,369,231	Q2 '11
74041EAC9	$ 108,213	$ 24,717	$ 83,496	$ 24,717	$ (0)	Q2 '11
75970QAD2	$ 7,055,945	$ 6,761,759	$ 294,186	$ 6,761,759	$ 4,678,423	Q2 '11
761143AD8	$ 5,063,187	$ 4,937,388	$ 125,799	$ 4,937,388	$ 3,783,991	Q2 '11
86363GAJ3	$ 16,257,217	$ 15,766,730	$ 490,487	$ 15,766,730	$ 12,338,295	Q2 '11
021460AC4	$ 250,057	$ 132,096	$ 117,960	$ 132,096	$ 78,217	Q1 '11
12638PAB5	$ 5,819,844	$ 5,714,622	$ 105,222	$ 5,714,622	$ 4,309,430	Q1 '11
126694WE4	$ 8,461,849	$ 8,078,925	$ 382,924	$ 8,078,925	$ 6,021,810	Q1 '11
61748HLC3	$ 12,757,587	$ 12,222,473	$ 535,115	$ 12,222,473	$ 10,222,865	Q1 '11
761143AD8	$ 6,091,061	$ 5,214,659	$ 876,401	$ 5,214,659	$ 4,079,286	Q1 '11
872227AA1	$ 8,660,830	$ 8,073,405	$ 587,426	$ 8,073,405	$ 5,655,022	Q1 '11
93362FAB9	$ 9,111,617	$ 8,920,818	$ 190,799	$ 8,920,818	$ 6,747,340	Q1 '11
021460AC4	$ 460,770	$ 303,199	$ 157,570	$ 303,199	$ 126,740	Q4 '10
12638PAB5	$ 6,100,735	$ 5,915,194	$ 185,542	$ 5,915,194	$ 4,193,254	Q4 '10
126694WE4	$ 8,854,248	$ 8,618,408	$ 235,841	$ 8,618,408	$ 6,013,208	Q4 '10
32052WAC3	$ 4,884,150	$ 4,736,780	$ 147,370	$ 4,736,780	$ 4,034,903	Q4 '10
61748HLC3	$ 13,180,479	$ 13,021,231	$ 159,248	$ 13,021,231	$ 9,278,388	Q4 '10
74041EAC9	$ 4,136,810	$ 74,844	$ 4,061,965	$ 74,844	$ 13,123	Q4 '10
741382AC9	$ 1,811,237	$ 1,701,021	$ 110,216	$ 1,701,021	$ 779,000	Q4 '10
93362FAB9	$ 9,301,315	$ 9,111,617	$ 189,698	$ 9,111,617	$ 6,545,430	Q4 '10
021460AC4	$ 669,203	$ 502,211	$ 166,992	$ 502,211	$ 253,410	Q3 '10
32052WAC3	$ 5,174,185	$ 5,111,048	$ 63,137	$ 5,111,048	$ 4,086,865	Q3 '10
45254NMY0	$ 5,019,032	$ 4,887,726	$ 131,306	$ 4,887,726	$ 3,741,829	Q3 '10
74041EAC9	$ 5,034,032	$ 4,120,377	$ 913,655	$ 4,120,377	$ 171,548	Q3 '10
75115LAA5	$ 7,791,416	$ 7,761,035	$ 30,381	$ 7,761,035	$ 4,426,983	Q3 '10
785778HD6	$ 2,324,719	$ 2,252,216	$ 72,503	$ 2,252,216	$ 1,062,539	Q3 '10
872227AA1	$ 9,757,041	$ 8,985,229	$ 771,812	$ 8,985,229	$ 4,641,946	Q3 '10
01448YAE3	$ 1,681,435	$ 784,802	$ 896,633	$ 784,802	$ 126,687	Q2 '10
126694WE4	$ 9,268,692	$ 9,161,019	$ 107,674	$ 9,161,019	$ 6,316,163	Q2 '10
74040XAC8	$ 13,833,758	$ 13,668,904	$ 164,854	$ 13,668,904	$ 6,042,624	Q2 '10

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01448YAE3	$ 3,291,254	$ 1,658,520	$ 1,632,734	$ 1,658,520	$ 126,114	Q1 '10
021460AC4	$ 1,421,478	$ 779,778	$ 641,700	$ 779,778	$ 747,962	Q1 '10
07388QAH2	$ 13,571,794	$ 12,204,524	$ 1,367,270	$ 12,204,524	$ 8,038,029	Q1 '10
12638PAB5	$ 6,752,590	$ 6,603,412	$ 149,178	$ 6,603,412	$ 4,938,885	Q1 '10
126694WE4	$ 10,086,750	$ 9,446,445	$ 640,305	$ 9,446,445	$ 6,476,553	Q1 '10
61748HLC3	$ 14,528,472	$ 14,232,317	$ 296,155	$ 14,232,317	$ 10,293,889	Q1 '10
74040XAC8	$ 15,586,463	$ 13,773,095	$ 1,813,368	$ 13,773,095	$ 6,151,250	Q1 '10
87246AAG3	$ 3,686,871	$ 3,540,949	$ 145,922	$ 3,540,949	$ 1,831,970	Q1 '10
01448YAE3	$ 3,664,500	$ 3,246,680	$ 417,820	$ 3,246,680	$ 125,000	Q4 '09
12638PAB5	$ 7,303,464	$ 7,155,889	$ 147,575	$ 7,155,889	$ 5,225,329	Q4 '09
741382AC9	$ 3,240,865	$ 1,815,111	$ 1,425,754	$ 1,815,111	$ 1,338,500	Q4 '09
74040XAC8	$ 16,774,503	$ 15,586,463	$ 1,188,040	$ 15,586,463	$ 5,505,500	Q4 '09
61748HLC3	$ 15,296,407	$ 15,170,238	$ 126,169	$ 15,170,238	$ 10,829,054	Q4 '09
86363GAJ3	$ 22,721,568	$ 21,154,554	$ 1,567,014	$ 21,154,554	$ 14,154,095	Q4 '09
93362FAB9	$ 10,025,252	$ 9,301,315	$ 723,937	$ 9,301,315	$ 7,221,130	Q4 '09
01448YAE3	$ 3,163,245	$ 3,664,500	$ (501,225)	$ 3,664,500	$ 836,966	Q3 '09
021460AC4	$ 1,757,684	$ 1,635,028	$ 122,655	$ 1,635,028	$ 1,248,636	Q3 '09
02149DAJ8	$ 8,245,442	$ 7,868,934	$ 376,508	$ 7,868,934	$ 5,766,450	Q3 '09
05948KX79	$ 16,846,906	$ 16,600,455	$ 246,451	$ 16,600,455	$ 13,349,284	Q3 '09
741382AC9	$ 3,221,105	$ 3,471,909	$ (250,804)	$ 3,471,909	$ 1,818,202	Q3 '09
059512AE3	$ 39,371,004	$ 39,253,676	$ 117,328	$ 39,253,676	$ 32,765,040	Q3 '09
07386HMD0	$ 9,733,305	$ 9,340,745	$ 392,560	$ 9,340,745	$ 5,478,441	Q3 '09
12638PAB5	$ 7,978,024	$ 7,777,766	$ 200,258	$ 7,777,766	$ 5,287,683	Q3 '09
126686AC8	$ 1,698,091	$ 2,268,179	$ (570,088)	$ 2,268,179	$ 2,178,721	Q3 '09
126694WE4	$ 11,119,323	$ 10,653,516	$ 465,807	$ 10,653,516	$ 5,755,148	Q3 '09
59549RAC8	$ 6,567,971	$ 5,523,451	$ 1,044,520	$ 5,523,451	$ 5,337,046	Q3 '09
65536HCQ9	$ 7,000,874	$ 6,821,728	$ 179,145	$ 6,821,728	$ 5,355,231	Q3 '09
74040XAC8	$ 17,336,254	$ 16,774,503	$ 561,752	$ 16,774,503	$ 5,206,080	Q3 '09
74041CAB5	$ 7,305,942	$ 6,694,493	$ 611,450	$ 6,694,493	$ 1,865,002	Q3 '09
74042EAB0	$ 10,671,731	$ 9,710,602	$ 961,129	$ 9,710,602	$ 2,612,119	Q3 '09
74042WAB0	$ 8,600,880	$ 7,912,026	$ 688,854	$ 7,912,026	$ 3,901,108	Q3 '09
75115LAA5	$ 8,913,175	$ 8,863,685	$ 49,490	$ 8,863,685	$ 4,258,491	Q3 '09
87246AAH1	$ 3,885,140	$ 3,755,404	$ 129,736	$ 3,755,404	$ 1,024,968	Q3 '09
89234NAB6	$ 1,216,000	$ 3,068,465	$ (1,852,465)	$ 3,068,465	$ 1,200,778	Q3 '09
93363PAA8	$ 7,510,292	$ 7,454,148	$ 56,144	$ 7,454,148	$ 5,972,936	Q3 '09
Total			$ 31,782,269			

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	$	(7,777,888)
2. 12 Months or Longer	$	(137,234,621)

   b. The aggregate related fair value of securities with unrealized losses:

1. Less than 12 Months	$	158,898,626
2. 12 Months or Longer	$	303,963,497

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, and the quality of any credit guarantors, to determine the cash flows expected to be received for the security.

   If the severity and duration of the security's unrealized loss indicates a risk of an other-than-temporary impairment, 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 less than the amortized cost basis of a security then the security is deemed other-than-temporarily impaired.

E. Repurchase Agreements and Securities Lending Transactions

1. Repurchase Agreements:

   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 securities lending payable. There were no open repurchase agreements as of year end.

   Securities Lending:

   The Company's securities lending agreement requires a minimum of 102% of the fair value of loaned securities to be held as collateral.

2. No assets were pledged as collateral as of year-end.

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3. The Company has not accepted collateral that is permitted by contract or custom to sell or repledge as of year-end.

   a. The Company's securities lending agreement allows the borrower to terminate a loan upon demand. The Company's obligation for cash collateral received was $81,208,594 at December 31, 2011 and is carried as a "Payable for securities lending" on the balance sheet. The Company does not hold any non-cash collateral for loaned securities as of December 31, 2011.

   b. Cash collateral received is reinvested by the agent bank in accordance with the Company's authorized investment policy and included as assets of the Company (Schedule DL). The fair value of reinvested cash collateral is $71,335,444 at December 31, 2011.

   c. Cash collateral provided by approved borrowers is reinvested by the Company's agent bank during the term of the loan and returned to the borrower upon a loan's termination.

4. The Company did not have any securities lending activities with an affiliated agent.

5. a. The amortized cost and fair value of reinvested cash collateral is $77,881,427 and $71,335,444, respectively, as of December 31, 2011.

	Amortized Cost	Fair Value
Under 30 day	$ 54,700,859	$ 54,700,859
60-day		
90-day		
120-day		
180-day		
<1Year	14,045,743	12,368,619
1-2 Years	1,909,926	732,989
2-3 Years		
>3 Years	7,224,900	3,532,977
	$ 77,881,427	$ 71,335,444

   b. In accordance with the securities lending investment policy, reinvestments of cash collateral cannot exceed 3 years in maturity. Because the borrower or the Company may terminate a securities lending transaction at any time, to the extent loans are terminated in advance of reinvestment collateral maturities, the Company would repay its securities lending payable obligation from operating cash flows or the proceeds of sales from its investment portfolio, which includes significant liquid securities.

F. Real Estate

1. The Company impaired the net book value in a real estate owned property known as Collin Creek on December 31, 2010. Collin Creek is a vacant, three-story office building containing approximately 102,219 net rentable square feet located in Plano, Collin County, Texas. The property was acquired by foreclosure on July 7, 2009, and transferred to real estate owned ownership in the Company at $7.6 million. At the time of foreclosure the asset was 100% vacant and remained 100% vacant as of December 31, 2010 with little leasing activity. The submarket the property is located in is very weak with vacancy over 25%. Based on the weak performance of the submarket and little leasing activity, the Company revised several assumptions in their valuation of the property resulting in a market value of $5.2 million, requiring an impairment of $2.2 million (NBV of the asset was $7.4 million as of December 31, 2010).

   The impairment loss on the Collin Creek property was $2.2 million. The fair value was determined by analyzing current market conditions (vacancy, capitalization rates, lease rates, etc.) and applying these assumptions to the internal valuation using ARGUS valuation software.

   The $2.2 million impairment loss is aggregated with net realized capital gains or losses in the Statement of Operations.

2. The Company sold an investment real estate property known as Center East Shops in Indianapolis, Indiana to American Property Exchange, Inc. on April 13, 2010. The property was acquired by the Company on July 16, 2009. The sale results for 2010 and 2009 were as follows:

	2010	2009
Sale Price	$1,720,000	$8,600,000
Cost of Sale	107,562	301,138
Net Sale Proceeds	1,612,438	8,298,862
Net Book Value	1,060,270	2,574,408
Gain (Loss) on NBV	$ 552,168	$5,724,454

   The Company did not hold any investment real estate property classified as held for sale at December 31, 2011 and 2010, respectively.

3. There were no changes in plans to sell real estate assets during 2011 and 2010.

4. The Company did not engage in retail land sales operations during 2011 and 2010.

5. The Company did not hold real estate investments with participating mortgage loan features during 2011 and 2010.

NOTES TO FINANCIAL STATEMENTS

G. Low-Income Housing Tax Credits

1. The number of remaining years of unexpired tax credits and required holding period for the Company's LIHTC investments:

Low-Income Housing Tax Credits	Remaining years	Holding Period
CHP New Market Investment Fund LLC	2	2014
Hudson Housing Tax Credit Fund LII LLC	10	2026
KHC New Markets Fund E CDE Leverage Fund, LLC	3	2014
Nationwide Affordable Housing Fund 33	7	2022
Nationwide Affordable Housing Fund 35	8	2023
Nationwide Affordable Housing Fund 36	9	2023
Nationwide Affordable Housing Fund 38	9	2023
Nationwide Affordable Housing Fund 46	12	2027
Nationwide Affordable Housing Fund XXIII	6	2021
Nationwide Ohio ARRA Fund	10	2025
Nationwide Tax Credit Partners 2009-G	11	2024
Ohio Equity Fund II LLC	11	2027
Ohio Equity Fund XVIII	9	2022
SunAmerica Affordable Housing Partners 138, LLC	5	2016
WNC Institutional Tax Credit Fund 36	20	2027
WNC Institutional Tax Credit Fund XXIV	8	2022
WNC Institutional Tax Credit Fund XXVII	11	2023

2. The Company's investments in LIHTC are made up of several property investments which are subject to periodic reviews by HUD (if applicable) and state housing agencies. The Company receives updates from property managers as to the status of any regulatory review and investigates further as needed.

3. LIHTC investments exceeding 10 percent of the total admitted assets

   Not Applicable.

4. Analysis is done for LIHTC investments to determine if an impairment exists by comparing the book value of the investment with the present value of future tax benefits. The investment is written down if the book value is higher than the present value and the write-down is accounted for as a realized loss. In second quarter 2011, 11 tax credit partnerships were impaired by $29.9 million due to an intent-to-sell. Fair value was determined by the purchaser's bidding price. These partnerships were sold in third quarter.

5. In 2011, there were no write-downs due to forfeiture or ineligibility.

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

During 2011, second quarter, 11 tax credit partnerships were impaired by a total of $29.9 million due to an intent to sell. Fair value was determined by the purchaser's bidding price. These partnerships were sold in third quarter. Also during the second quarter, an underlying real estate property held in the NW REI affiliate was impaired by $2.4 million. The property was impaired after a third party conducted an evaluation to determine market value.

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 $308,941.

Note 8 - Derivative Instruments

The Company is exposed to certain risks relating to its ongoing business operations which are managed using derivative instruments. The primary risks managed by using derivative instruments are foreign currency exchange, interest rate and credit risks. The Company uses cross currency swaps, currency futures, interest rate swaps, interest rate futures and credit default swaps to hedge these risks. The Company also uses credit default swap contracts to synthetically replicate investment risks and returns.

The Company is exposed to credit-related losses in the event of nonperformance by counterparties to financial instruments, but it does not expect any counterparties to fail to meet their obligations given their high credit ratings. Potential losses are minimized through careful evaluation of counterparty credit standing, selection of counterparties from a limited group of high quality institutions, and collateral agreements.

The cash requirements of a derivative will vary by contract. In a cross currency swap, notional amounts are typically exchanged in the respective contracted currencies at both settlement date and at expiration. Interest payments are also exchanged in the contracted currencies, timing and amounts. Interest rate swap payments are based of the notional of the contract; the fixed and floating leg payments are netted and exchanged periodically with the appropriate counterparty. For exchange-traded futures contracts, the broker for the various types of contracts that the Company may employ establishes margin requirements. The margin account is settled daily for changes in contracts outstanding and movements in market values of open contracts. The Company uses cash to cover the margin account requirements. In a credit default swap, where protection is either bought or sold on a single-name entity, periodic payments are paid or received, respectively, by the Company in exchange for promised credit protection on a referenced security. If there is a credit even declared by the International Swap Dealers Association on the referenced security, settlement of the credit default swap would be triggered and cash would be received or paid, respectively, between the Company and the counterparty in the amount of the contract notional less a recovery rate.

NOTES TO FINANCIAL STATEMENTS

Interest Rate Risk Management: The Company uses interest rate swaps and interest rate futures to reduce and/or alter interest rate exposure arising from mismatches between assets and liabilities. Under the interest rate swap, the Company enters into a contractual agreement with various parties to exchange, at specified intervals, the difference between fixed rate and variable rate interest amounts, calculated on the notional amount of the interest rate swap. Interest rate futures are based off an underlying security that changes in value as interest rates change. As the value of the underlying referenced security changes, the promise to deliver or cash settle in the future at a fixed price through the futures contract also change to offset interest rate risk the Company faces.

Foreign Currency Risk Management: The Company, from time to time, purchases foreign-denominated fixed rate assets. The assets and the associated income are exposed to changes in the exchange rates of the foreign currencies. In an effort to mitigate this risk, the Company uses various cross-currency swap contracts. As foreign exchange rates change, the increase or decrease in the cash flows of the derivative instrument offsets the changes in the functional-currency equivalent cash flows of the asset. The Company also uses foreign currency futures contracts to hedge its exposure in other alternative investments.

Credit Risk Management: The Company enters into credit derivative contracts which allow the Company to buy credit protection on a specific creditor or credit index. Credit default swap protection is used on selected debt instruments exposed to short-term credit concerns, or because the combination of the corporate bond and purchased default protection provides sufficient spread and duration targeted by the Company.

Asset replication strategy: The Company enters into credit default swaps to synthetically create investments as a less expensive alternative to the cash markets. The structure includes a highly rated cash instrument together with selling protection on a single-name entity. The strategy gains the Company exposure to a risk-free rate of return plus the credit spread return from the credit protection, synthesizing an otherwise permissible investment in a fixed income corporate bond.

Derivative instruments cash flows and payment accruals are recorded in net investment income.

Fair value of derivative instruments is determined using various valuation techniques relying predominately on observable market inputs. These inputs include interest rate swap curves, credit spreads, interest rates, counterparty credit risk, equity volatility and equity index levels. In some cases, the Company will utilize non-binding broker quotes to determine fair value.

Derivative instruments used in hedging transactions considered to be effective hedges are valued and reported in a manner consistent with the hedged items (i.e., hedge accounting). Derivative instruments used in hedging transactions that do not meet or no longer meet the criteria of an effective hedge are accounted for at fair value with changes in fair value recorded in surplus as unrealized gains or losses.

No gain or loss recognized in derivative instruments' unrealized gains or losses during the year were excluded from the assessment of hedge effectiveness. There is also no net gain or loss recognized during the year resulting from derivatives that no longer qualify for hedge accounting. In addition, no amounts of gains or losses were classified in unrealized gains/losses related to cash flow hedges that have been discontinued because it was no longer probable that the original forecasted transaction would occur as anticipated.

The Company is not currently engaged in written covered options used for income generation or derivatives accounted for as cash flow hedges of a forecasted transaction, other than the payment of variable interest on existing financial instruments.

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 Ordinary	12/31/2011 Capital	12/31/2011 Total	12/31/2010 Ordinary	12/31/2010 Capital	12/31/2010 Total	Change Ordinary	Change Capital	Change Total
(1a) Gross deferred tax assets	1,904,451,964	162,009,520	2,066,461,484	1,483,391,099	147,094,748	1,630,485,847	421,060,865	14,914,772	435,975,637
(1b) Statutory valuation allowance adjustment	-	-	-	-	-	-	-	-	-
(1c) Adjusted gross deferred tax assets	1,904,451,964	162,009,520	2,066,461,484	1,483,391,099	147,094,748	1,630,485,847	421,060,865	14,914,772	435,975,637
(2) Total deferred tax liabilities	47,731,887	39,597,325	87,329,212	51,121,780	12,329,523	63,451,303	(3,389,893)	27,267,802	23,877,909
(3) Net deferred tax asset (liability)	1,856,720,077	122,412,195	1,979,132,272	1,432,269,319	134,765,225	1,567,034,544	424,450,758	(12,353,030)	412,097,728
(4) Deferred tax assets nonadmitted	637,118,481	17,727,590	654,846,071	609,463,865	45,959,762	655,423,627	27,654,616	(28,232,172)	(577,556)
(5) Net admitted deferred tax asset (liability)	$ 1,219,601,596	$ 104,684,605	$ 1,324,286,201	$ 822,805,454	$ 88,805,463	$ 911,610,917	$ 396,796,142	$ 15,879,142	$ 412,675,284

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

	12/31/2011 Ordinary	12/31/2011 Capital	12/31/2011 Total	12/31/2010 Ordinary	12/31/2010 Capital	12/31/2010 Total	Change Ordinary	Change Capital	Change Total
(6) Net deferred tax asset (liability)	1,856,720,077	122,412,195	1,979,132,272	1,432,269,319	134,765,225	1,567,034,544	424,450,758	(12,353,030)	412,097,728
(7) Tax-effect of unrealized gains and losses	39,846,099	(23,985,028)	15,861,071	(5,128,033)	(3,858,850)	(8,986,883)	44,974,132	(20,126,178)	24,847,954
(8) Prior period adjustment	-	-	-	-	-	-	-	-	-
(9) Net tax effect without unrealized gains and losses and prior period	$ 1,816,873,978	$ 146,397,223	$ 1,963,271,201	$ 1,437,397,352	$ 138,624,075	$ 1,576,021,427	$ 379,476,626	$ 7,773,148	$ 387,249,774
(10) Change in deferred income tax									$ 387,249,774

(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 Ordinary	12/31/2011 Capital	12/31/2011 Total	12/31/2010 Ordinary	12/31/2010 Capital	12/31/2010 Total	Change Ordinary	Change Capital	Change Total
SSAP No. 10R, Paragraph 10.a.	-	-	-	7,616,219	-	7,616,219	(7,616,219)	-	(7,616,219)
SSAP No. 10R, Paragraph 10.b. (the lesser of paragraph 10.b.i. and 10.b.ii. below)	766,070,750	34,894,868	800,965,618	509,930,247	30,516,178	540,446,425	256,140,503	4,378,690	260,519,193
SSAP No. 10R, Paragraph 10.b.i.	766,070,750	34,894,868	800,965,618	509,930,247	30,516,178	540,446,425	256,140,503	4,378,690	260,519,193
SSAP No. 10R, Paragraph 10.b.ii.			882,857,466			917,760,107			(34,902,641)
Paragraph 10.c	47,731,887	39,597,325	87,329,212	51,121,780	12,329,523	63,451,303	(3,389,893)	27,267,802	23,877,909
Total	$ 813,802,637	$ 74,492,193	$ 888,294,830	$ 568,668,246	$ 42,845,701	$ 611,513,947	$ 245,134,391	$ 31,646,492	$ 276,780,883

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

	12/31/2011 Ordinary	12/31/2011 Capital	12/31/2011 Total	12/31/2010 Ordinary	12/31/2010 Capital	12/31/2010 Total	Change Ordinary	Change Capital	Change Total
SSAP No. 10R, Paragraph 10e.i.	-	-	-	7,616,219	-	7,616,219	(7,616,219)	-	(7,616,219)
SSAP No. 10R, Paragraph 10.e.ii. (the lesser of paragraph 10.e.ii.a. and 10.e.ii.b. below)	1,219,601,596	104,684,605	1,324,286,201	815,189,235	88,805,463	903,994,698	404,412,361	15,879,142	420,291,503
SSAP No. 10R, Paragraph 10.e.ii.a.	1,243,464,818	104,684,605	1,348,149,423	815,189,235	88,805,463	903,994,698	428,275,583	15,879,142	444,154,725
SSAP No. 10R, Paragraph 10.e.ii.b.			1,324,286,201			1,376,640,160			(52,353,959)
Paragraph 10.e.iii.	47,731,887	39,597,325	87,329,212	51,121,780	12,329,523	63,451,303	(3,389,893)	27,267,802	23,877,909
Total	$ 1,267,333,483	$ 144,281,930	$ 1,411,615,413	$ 873,927,234	$ 101,134,986	$ 975,062,220	$ 393,406,249	$ 43,146,944	$ 436,553,193
Used in SSAP No. 10R, Paragraph 10.d.									
Total Adjusted Capital			$ 9,911,568,157			$ 10,222,596,366			$ (311,028,209)
Authorized Control Level			$ 1,890,943,809			$ 1,843,237,312			$ 47,706,497

(13)

	12/31/2011 Ordinary Percent	12/31/2011 Capital Percent	12/31/2011 Total Percent	12/31/2010 Ordinary Percent	12/31/2010 Capital Percent	12/31/2010 Total Percent	Change Ordinary	Change Capital Percent	Change Total Percent
Impact of Tax Planning Strategies									
Adjusted Gross DTAs	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net Admitted Adjusted Gross DTAs	0.00%	6.10%	6.10%	15.35%	8.69%	24.04%	-15.35%	-2.59%	-17.94%

(14) Risk Based Capital Summary	12/31/2011 Ordinary	12/31/2011 Capital	12/31/2011 Total	12/31/2010 Ordinary	12/31/2010 Capital	12/31/2010 Total	Change Ordinary	Change Capital	Change Total
SSAP No. 10R, Paragraphs 10.a., 10.b., and 10.c.:									
Admitted DTAs	813,802,637	74,492,193	$ 888,294,830	568,668,246	42,845,701	$ 611,513,947	245,134,391	31,646,492	$ 276,780,883
Admitted assets			$ 27,094,510,836			$ 27,841,092,648			$ (746,581,812)
Adjusted Statutory surplus			$ 9,911,568,157			$ 10,222,596,366			$ (311,028,209)
Total adjusted capital from DTAs			$ 9,911,568,157			$ 10,222,596,366			$ (311,028,209)
Increases due to SSAP No. 10R, Paragraph 10e.:									
Admitted DTAs	453,530,846	69,789,737	$ 523,320,583	305,258,988	58,289,285	$ 363,548,273	148,271,858	11,500,452	$ 159,772,310
Admitted assets	453,530,846	69,789,737	$ 523,320,583	305,258,988	58,289,285	$ 363,548,273	148,271,858	11,500,452	$ 159,772,310
Statutory surplus	453,530,846	69,789,737	$ 523,320,583	305,258,988	58,289,285	$ 363,548,273	148,271,858	11,500,452	$ 159,772,310

B. Unrecognized deferred tax liabilities

(1) There are no temporary differences for which deferred tax liabilities are not recognized.

NOTES TO FINANCIAL STATEMENTS

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

		12/31/2011	12/31/2010	Change
(1)	Federal	(104,761,994)	(21,611,768)	(83,150,226)
(2)	Foreign Tax	(617)	(4,848)	4,231
	Subtotal	$ (104,762,611)	$ (21,616,616)	$ (83,145,995)
(3)	Federal income tax on net capital gains	(6,634,423)	(29,651,354)	23,016,931
(4)	Utilization of capital loss carry-forwards	-	-	-
(5)	Other	-	-	-
(6)	Federal and foreign income taxes incurred	$ (111,397,034)	$ (51,267,970)	$ (60,129,064)

Deferred income tax assets and liabilities consist of the following major components:

		12/31/2011	12/31/2010	Change
Deferred Tax Assets				
a)	Ordinary			
1)	Discounting of unpaid losses	206,791,894	239,189,298	(32,397,404)
2)	Unearned premium reserve	330,793,667	325,982,321	4,811,346
3)	Policyholder reserves	-	-	-
4)	Investments	93,254,202	32,463,116	60,791,086
5)	Deferred acquisition costs	14,776	49,801	(35,025)
6)	Policyholder dividends accrual	-	-	-
7)	Fixed assets	7,008,699	32,474,027	(25,465,328)
8)	Compensation and benefits accrual	668,035,432	632,263,477	35,771,955
9)	Pension accrual	7,505,707	1,388,011	6,117,696
10)	Receivables - nonadmitted	32,337,233	2,341,689	29,995,544
11)	Net operating loss carry-forward	119,301,157	-	119,301,157
12)	Tax credit carry-forward	271,003,879	103,956,001	167,047,878
13)	Non-admitted miscellaneous	33,017,266	50,211,421	(17,194,155)
14)	Other liabilities	-	-	-
15)	Intangibles	69,248,029	-	69,248,029
16)	Non-admitted premiums and agent bal	25,639,445	27,566,695	(1,927,250)
17)	Other	40,500,578	35,505,242	4,995,336
	Subtotal	$ 1,904,451,964	$ 1,483,391,099	$ 421,060,865
b)	Statutory valuation allowance adjustment	$ -	$ -	$ -
c)	Nonadmitted	$ 637,118,481	$ 609,463,865	$ 27,654,616
d)	Admitted ordinary deferred tax assets	$ 1,267,333,483	$ 873,927,234	$ 393,406,249
e)	Capital			
1)	Investments	110,692,174	145,723,213	(35,031,039)
2)	Net capital loss carry-forward	51,317,346	1,371,535	49,945,811
3)	Real estate	-	-	-
4)	Other	-	-	-
	Subtotal	$ 162,009,520	$ 147,094,748	$ 14,914,772
f)	Statutory valuation allowance adjustment	$ -	$ -	$ -
g)	Nonadmitted	$ 17,727,590	$ 45,959,762	$ (28,232,172)
h)	Admitted capital deferred tax assets	$ 144,281,930	$ 101,134,986	$ 43,146,944
i)	Admitted deferred tax assets	$ 1,411,615,413	$ 975,062,220	$ 436,553,193
Deferred Tax Liabilities				
a)	Ordinary			
1)	Investments	16,150	32,198,317	(32,182,167)
2)	Fixed assets	-	-	-
3)	Deferred and uncollected premiums	-	-	-
4)	Policyholder reserves	-	-	-
5)	Pension accrual	-	-	-
6)	Guaranty assessments	2,433,824	-	2,433,824
7)	Unearned surcharge income	1,144,609	1,140,597	4,012
8)	Prepaid expenses	-	-	-
9)	Surplus note interest accrual	15,587,833	15,587,833	-
10)	Section 338 gain	-	-	-
11)	Unrealized miscellaneous	-	-	-
12)	Compensation and benefits accrual	21,897,141	-	21,897,141
13)	Other liabilities	6,058,500	-	6,058,500
14)	Other	593,830	2,195,033	(1,601,203)
	Subtotal	$ 47,731,887	$ 51,121,780	$ (3,389,893)
b)	Capital			
1)	Investments	39,597,325	12,329,523	27,267,802
2)	Real estate	-	-	-
3)	Other	-	-	-
	Subtotal	$ 39,597,325	$ 12,329,523	$ 27,267,802
c)	Deferred tax liabilities	$ 87,329,212	$ 63,451,303	$ 23,877,909
Net deferred tax assets/liabilities		$ 1,324,286,201	$ 911,610,917	$ 412,675,284

The Company's gross deferred tax assets based on the weight of available evidence are more likely than not to be realized (a likelihood of more than 50 percent)

D. The income tax incurred and change in deferred income tax differs from the amount obtained by applying the federal statutory rate of 35% to income before tax as follows:

		12/31/2011	12/31/2010
(1)	Current income taxes incurred	(111,397,034)	(51,267,970)
(2)	Change in deferred income tax (without tax on unrealized gains and losses)	(387,249,774)	32,444,776
(3)	Total income tax reported	$ (498,646,808)	$ (18,823,194)
(4)	Income before taxes	$ (1,021,504,726)	$ 373,577,055
		35%	35%
(5)	Expected income tax expense (benefit) at 35% statutory rate	$ (357,526,654)	$ 130,751,969
(6)	Increase (decrease) in actual tax reported resulting from:		
a.	Dividends received deduction	(1,207,610)	(2,100,317)
b.	Nondeductible expenses for meals, penalties, and lobbying	2,671,629	2,410,383
c.	Tax-exempt income	(38,072,793)	(64,552,359)
d.	Deferred tax benefit on nonadmitted assets	613,402	(5,297,661)
e.	Change in Statutory valuation allowance adjustment	-	-
f.	Change in tax reserves	(959,887)	3,348,380
g.	Intangibles	-	-
h.	Tax credits	(98,261,935)	(82,349,056)
i.	Other	(5,902,960)	(1,034,533)
(7)	Total income tax reported	$ (498,646,808)	$ (18,823,194)

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	340,860,448	12/31/2011	12/31/2031
Amount of AMT tax credits	147,571	12/31/2009	N/A
	11,938,947	12/31/2010	N/A
Business credits	81,782,734	12/31/2009	12/31/2029
	84,520,619	12/31/2010	12/31/2030
	92,614,008	12/31/2011	12/31/2031

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

2011	$ -
2010	$ -

NOTES TO FINANCIAL STATEMENTS

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

The Company is a mutual entity and, as such, is not directly or indirectly owned or controlled by any other company, corporation, and group of companies, partnership or individual. The Company is operated by and solely in the interest of its policyholders.

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 either this statement or those of prior years. Intercompany relationships and specific holdings are detailed in the Nationwide Corporate Organizational Chart, which appears as Schedule Y of this statement.

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 $466.8 million and $541.6 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

On January 3, 2011, the Company entered into a repurchase agreement with Nationwide Advantage Mortgage Company (NAMC) for $175 million. On May 30, 2011, the Company increased the limits on the repurchase agreement with NAMC to $209 million. There have been principal and interest payments made during the year. The carrying value on the repurchase agreement at December 31, 2011 is $202.5 million.

On March 29, 2011, the Company made a $275 million contribution to OYS Fund, LLC, an affiliated company. On June 26, 2011, the Company contributed an additional $40 million. On December 23, 2011, the Company contributed an additional $40 million. OYS Fund, LLC is a hedge fund of funds managed by a third party.

NOTES TO FINANCIAL STATEMENTS

On May 31, 2011, the Company loaned NAMC $5 million in an unsecured promissory note with a maturity date of August 26, 2011. The note was paid off by NAMC on August 11, 2011.

During the year, $4.75 million capital contributions were made to Nationwide Realty Investors on the following dates: January 21, February 28, May 6, June 17, September 30, and October 28, 2011. On September 1, 2011, a $1.9 million capital contribution was made to Nationwide Realty Investors, and on September 15, 2011, an additional $9.5 million capital contribution was made.

On December 16, 2011, the Company received extraordinary dividends of $60 million from Nationwide Indemnity.

On December 29, 2011, the Company contributed a parcel of land worth $5 million to Nationwide Realty Investors.

Also during 2011, the Company purchased commercial mortgage loans from Nationwide Life Insurance Company, an affiliate, and Nationwide Life and Annuity Insurance Company with a book value of $35.9 million. The sales were executed at market value for cash.

During 2010 the Company made the following capital contributions: March 31, $4.75 million to Nationwide Realty Investors, Ltd. (NRI), an affiliated company; April 27, $14.5 million to Nationwide Agribusiness Insurance Company; April 30, $4.75 million to NRI; May 26, $14.25 million to NRI; June 10, $12.0 million to Nationwide Property & Casualty Insurance Company; June 10, $2.0 million to Nationwide Affinity Insurance Company of America; June 18, $16.0 million to THI Holdings Delaware, Inc.; June 28, $40.0 million to THI Holdings Delaware, Inc.; and July 30, $7.6 million to NRI.

On December 31, 2010, Nationwide Corporation issued a $272.0 million senior note to the Company in exchange for cash after which Nationwide Corporation purchased a $272.0 million surplus note to capitalize Olentangy Reinsurance, LLC, a Vermont special purpose financial captive insurance subsidiary of Nationwide Life and Annuity Insurance Company, an affiliate.

On August 4, 2010 the Company purchased a $9 million surplus debenture note from Colonial County Mutual Insurance Company. The surplus debenture note, dated August 4, 2010, bears interest at the rate of 8.1% per annum and is payable in 30 years. The surplus debenture note is payable at any time. The Texas Department of Insurance approved the issuance of the surplus debenture on July 19, 2010. Texas insurance statutes require approval by the Texas Board of Insurance before Colonial County Mutual Insurance Company can disburse interest payments.

Also during 2010, the Company purchased commercial mortgage loans from Nationwide Life Insurance Company, an affiliate, and Nationwide Life and Annuity Insurance Company.

C. Change in Terms of Intercompany Arrangements

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

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 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 gross amounts due from affiliates were $1.0 billion and $192.7 million as of December 31, 2011 and 2010, respectively. The gross amounts due to affiliates were $114.1 million and $118.5 million as of 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

Name	% Common Ownership	Basis of Valuation Purposes and Procedures Manual of the NAIC SVO
Nationwide Corporation (NC)	95.2%	Part 8, Section 3 (i), (ii C) and (ii D)

The Company owns 95.2% of the common stock of NC. NC is a holding company that owns U.S. Insurance, Foreign Insurance and non-insurance SCA's, and as such values each of its subsidiaries based on their underlying characteristics in accordance with SSAP No. 97, paragraph 8. NC's primary holding is Nationwide Financial Services (NFS).

NFS is carried using the "look-through" approach of an unaudited downstream noninsurance holding company SCA entity. The difference between the amount at which NC is carried and the amount of underlying equity in net assets is $447.9 million due to the goodwill in NFS being nonadmitted because it exceeds 10% of adjusted surplus.

NC carries Foreign Insurance SCA's based on audited GAAP equity adjusted to statutory and non-insurance SCA's based on audited GAAP equity. Any non-U.S. Insurance Company SCA's that do not receive a U.S. GAAP audit are non-admitted and carried at $0.

The Company's pro rata share of the carrying value of NC, comprised of NFS, is $3.5 billion at December 31, 2011.

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All other assets and liabilities of NC are insignificant.

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

In May, 2011, the Company, NFS, and NLIC extended the $600.0 million revolving variable rate credit facility upon expiration of its existing facility. The new facility matures on May 6, 2015, with an option to convert outstanding balances at maturity into a one-year term loan. The credit may be used for general corporate purposes. The Company has the option to draw funds at a variable rate based on the Eurodollar rate. The facility contains financial covenants that require Mutual to maintain a statutory surplus in excess of $7.9 billion and the debt is not to exceed 35.0% of statutory surplus, both figures determined as of the end of each fiscal quarter. A breach of these and other named covenants will impact the availability of the line for the other borrowers and may accelerate payment. The Company had no amounts outstanding under the new or existing facilities as of December 31, 2011.

On May 31 and June 15, 2011, the Company borrowed two $50 million short term notes from NFS. Both of these notes were repaid as of September 30, 2011.

The Company has entered into an agreement with its custodial bank to borrow against the cash collateral that is posted in connection with its securities lending program. This is an uncommitted facility contingent on the liquidity of the securities lending program. The borrowing facility was established to fund commercial mortgage loans that were originated with the intent of sale through securitization. The maximum amount available under the agreement is $250 million. The borrowing rate on this program is equal to one-month U.S. LIBOR reset. On July 31, 2009, the Company paid the $165.4 million principal balance on the securities lending program facility. The Company had no amounts outstanding under this agreement as of December 30, 2010. As of December 31, 2010 the Company had not provided any guarantees on such borrowings, either directly or indirectly.

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

In June 2011, the Company entered into an agreement to extend its ability to borrow with the Federal Home Loan Bank of Cincinnati. In this extension the Company purchased $0.9 million in capital stock in addition to the $40 million original purchase. This extension, which expires on June 1, 2012, allows the Company access to borrow up to $600 million, all of which is collateralized by pledged securities. The Company has $3.2 billion and $4.0 billion in eligible collateral and no amounts outstanding under the agreement as of December 31, 2011 and 2010, respectively.

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

A. Defined Benefit Plans

The Company participates in a qualified defined benefit pension plan and a nonqualified defined benefit supplemental executive retirement plan sponsored by the Company. The qualified plan covers all employees of participating companies who have completed at least one year of service. Plan assets are invested in a third party trust and in group annuity contracts issued by NLIC. All participants are eligible for benefits based on an account balance feature. Participants hired prior to 2002 who are least 21 years of age are eligible for benefits based on the highest average annual salary of a specified number of consecutive years of the last ten years of service, if such benefits are of greater value than the account balance feature. The Company funds pension costs accrued for direct employees plus an allocation of pension costs accrued for employees of affiliates whose work benefits the Company. The nonqualified plan covers certain executives with at least one year of service.

On November 10, 2009, the Company announced changes to the NRP. Effective January 1, 2010, the Company-paid early retirement enhancement, which is part of the final average pay formula, will be eliminated. Currently this enhancement provides an additional benefit for associates retiring between ages 55 and 65. In addition, pay credits under the account balance formula will stop. These changes affect associates eligible to receive the benefit based on the greater of the final average pay formula or the account balance formula. Affected associates' benefits cannot be less than the NRP benefit they have already received.

Pension costs charged to operations by the Company were $54.1 million and $46.3 million for the years ended December 31, 2011 and 2010, respectively. The Company recorded a prepaid pension asset of $136.3 million and $203.0 million for the years ended December 31, 2011 and 2010, respectively.

The Pension Plan as a whole reported a pension benefit obligation for non-vested employees of $6.0 million and $8.9 million for the years ended December 31, 2011 and 2010, respectively.

The Company sponsors 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, hired prior to June 1, 2000, who have attained age 55 and have accumulated 15 years of service with the Company after reaching age 40. The employee subsidy for the postretirement death benefit was capped beginning in 2007. Postretirement health care benefit contributions are adjusted annually and contain cost-sharing features such as deductibles and coinsurance. In addition, there are caps on the Company's portion of the per-participant cost of the postretirement health care benefits. The Company does not receive a Medicare Part D subsidy from the government. The Company's policy is to fund the cost of health care benefits in amounts determined at the discretion of management. Plan assets are invested in a group annuity contract issued by NLIC and a third party trust.

Effective January 1, 2010, all non-highly compensated employees (NHCE) as defined by IRC 414 will become eligible to receive an annual health care credit up to a maximum of $1,000 per year, not to exceed a maximum lifetime benefit of $25,000. The contribution will be a match of 33% of the NHCE's otherwise unmatched savings account or 401(a) contributions. No contributions will be made by the Company if the employee does not make eligible contributions.

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The Company's net periodic postretirement benefit costs (NPPBC) were $9.5 million and $10.3 million for the years ended December 31, 2011 and 2010, respectively. The Company recorded a prepaid postretirement asset of $32.2 million and $28.1 million asset for the years ended December 31, 2011 and 2010, respectively.

The Postretirement Plan's benefit obligation for non-vested employees was $107.7 million and $92.5 million for the years ended December 31, 2011 and 2010, respectively.

The following table summarizes benefit obligations, the fair value of plan assets, funded status and net periodic benefit cost of the pension plan and postretirement benefit plans as a whole at December 31, 2011 and 2010:

	Pension Benefits		Postretirement Benefits	
	2011	2010	2011	2010
1. Change in benefit obligation:				
a. Benefit obligation at beginning of year	$3,467,531,752	$3,114,222,167	$182,423,752	$203,065,361
b. Service cost	118,815,384	108,489,513	12,149,034	12,815,714
c. Interest cost	183,334,210	180,126,612	8,945,683	9,108,577
d. Contribution by plan participants	0	0	0	0
e. Actuarial (gain) loss	695,679,768	233,348,094	16,971,883	(27,248,328)
f. Foreign currency exchange rate changes	0	0	0	0
g. Benefits paid	(174,895,709)	(168,654,634)	(16,852,262)	(15,317,572)
h. Plan amendments [1]	0	0	0	0
i. Plan curtailment	0	0	0	0
j. Acquisition	0	0	0	0
k. Benefit obligation at end of year	$4,290,465,405	$3,467,531,752	$203,638,090	$182,423,752
2. Change in plan assets				
a. Fair value of plan assets at beginning of year	$3,592,854,590	$3,440,968,388	$156,288,728	$146,224,179
b. Actual return on plan assets	491,181,502	306,681,818	6,196,802	10,064,549
c. Foreign currency exchange rate changes	0	0	0	0
d. Employer contribution	17,671,386	13,859,018	16,852,262	15,317,573
e. Plan participant's contributions	0	0	5,183,175	0
f. Benefits paid	(174,895,709)	(168,654,634)	(22,035,437)	(15,317,572)
g. Plan curtailment	0	0	0	0
h. Fair value of plan assets at end of year	$3,926,811,769	$3,592,854,590	$162,485,530	$156,288,728
3. Funded status	$(363,653,636)	$125,322,838	$(41,152,560)	$(26,135,024)
a. Unamortized prior service cost	(142,763,703)	(159,226,852)	(7,591,982)	(9,258,029)
b. Unrecognized net (gain) or loss	574,034,585	151,006,924	59,054,183	39,698,635
c. Remaining net obligation or (net asset) at initial date of application	(27,793,626)	(2,748,415)	0	0
d. Prepaid assets or (accrued liabilities)	$39,823,620	$114,354,495	$10,309,641	$4,305,582
e. Intangible asset	0	0	N/A	N/A
4. Accumulated benefit obligation for vested employees and partially vested employees to the extent vested	$3,797,507,482	$3,093,646,043	N/A	N/A
5. Benefit obligation for non-vested employees				
a. Projected benefit obligation	$6,004,702	$8,853,933	$107,740,462	$92,474,142
b. Accumulated benefit obligation	3,086,304	16,555,613	N/A	N/A
6. Components of net periodic benefit cost				
a. Service cost	$118,815,384	$108,489,513	$12,149,034	$12,815,714
b. Interest cost	183,334,210	180,126,612	8,945,683	9,108,577
c. Expected return on plan assets	(218,960,167)	(204,470,254)	(9,766,851)	(9,139,011)
d. Amortization of incremental asset	0	(7,829,496)	0	0
e. Amount of recognized (gains) and losses	430,772	0	1,186,384	907,018
f. Amount of prior service cost recognized	(16,463,149)	(16,463,149)	(1,666,047)	(1,666,047)
g. Amount of recognized (gain) or loss due to a settlement or curtailment	0	0	0	0
h. Total net periodic benefit cost	$67,157,050	$59,853,226	$10,848,203	$12,026,251

The Prior Service Cost Base established December 31, 2007 and 2006 reflects the enactment of the Pension Protection Act of 2006 on August 17, 2006. The Act provides for EGTRRA Permanence, the permanent increase in the covered pension compensation for qualified pension plans, and the three year cliff vesting for pension plans with hybrid formula features. The Act has no impact on the projected benefit obligation for the years ended December 31, 2011 and 2010.

7. A minimum pension liability is required when the actuarial present value of accumulated benefits exceeds plan assets and accrued pension liabilities. The Company recorded a minimum pension liability of $27.8 million and $2.8 million as of December 31, 2011 and 2010 , respectively.

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

	Pension Benefits		Postretirement Benefits	
	2011	2010	2011	2010
Weighted-average assumptions as of December 31,				
a. Weighted average discount rate	4.35%	5.50%	4.05%	5.15%
b. Rate of increase in future compensation levels	Age Graded	Age Graded	Age Graded	Age Graded
c. Assumed health care cost trend rate:				
Initial rate	-	-	8.25%	8.50%
Ultimate	-	-	5.00%	5.00%
Declining period	-	-	14 Years	15 Years

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	
	2011	2010	2011	2010
a. Weighted average discount rate	5.50%	5.95%	5.15%	5.70%
b. Rate of increase in future compensation levels	Age Graded	Age Graded	Age Graded	Age Graded
c. Expected long-term rate of return on plan assets	6.25%	6.25%	6.25%	6.25%

The Aged Graded rate of increase in future compensation levels was developed in 2009 based on actual experience from 2003 through 2008. The rates range from 11% to 4% based on age of the employee.

In determining the discount rate assumptions, the Company matches projected benefit payments to published market yields as of December 31.

The expected long-term rate of return on plan assets assumption is the long-term rate the Company expects to be earned based on the plans' investment strategies. The Company employs a prospective building block approach in determining its assumptions, which may vary by plan and may change when the target investment portfolio changes. In this approach, historical and expected future returns of multiple asset classes were analyzed to develop an expected rate of return, considering expected risk free rates of return and risk premiums. The Company uses the internal Capital Market Expectations (CME) report that is based upon the strategic asset allocation of the plan assets. The long-term rate of return on plan assets that is derived from the CME will be compared to external benchmarks to ensure it is reasonable and then will be rounded to the nearest quarter percent. Given the prospective nature of this calculation, short-term fluctuations in the market do not impact the expected risk premiums and the expected rate of return on plan assets.

9. Nationwide uses December 31 as the measurement date.

10. The following table shows the assumed health care cost trend rates for postretirement benefits other than pension:

	2011	2010
Initial rate	8.50%	8.75%
Ultimate rate	5.00%	5.00%
Declining rate	14 years	15 years

11. As a result of the 2004 postretirement health plan change, the effect of a one percentage point change in the trend assumption on the accumulated postretirement benefit obligation (APBO) as a whole was not material as of December 31, 2011 and 2010 due to the plan caps.

12. The following table shows the asset allocation for the pension plan at the end of 2011 and 2010 by asset category:

13.	Target Allocation Percentage	Percentage of plan assets	
		2011	2010
Asset Category:			
Equity securities	19%	6%	19%
Debt securities	76%	81%	74%
Other	5%	13%	7%
Total	100%	100%	100%

The pension plans employ a total return investment approach whereby a mix of equities and fixed income investments are used to maximize the long-term return of plan assets for a prudent level of risk. Risk tolerance is established through careful consideration of plan liabilities, plan funded status, and corporate financial condition. Plan language requires investment of a portion of assets in a group annuity contract backed by fixed investments with an interest rate guarantee to match liabilities for specific classes of retirees. On a periodic basis, the portfolio is analyzed to establish the optimal mix of assets given current market conditions and risk tolerance. Derivatives may be utilized for management of market risk exposures when they provide a more efficient alternative to cash market transactions.

The following table shows the asset allocation for the postretirement benefit plan at the end of 2011 and 2010 by asset category:

	Target Allocation Percentage	Percentage of plan assets	
		2011	2010
Asset Category:			
Equity securities	40%	37%	56%
Debt securities	60%	63%	44%
Other	0%	0%	0%
Total	100%	100%	100%

The postretirement benefit plan employs a total return investment approach whereby a mix of equities and fixed income investments are used to maximize the long-term return of plan assets for a prudent level of risk. Risk tolerance is established through careful consideration of plan liabilities, plan funded status, and corporate financial condition. Plan investments for retiree life insurance benefits include a retiree life insurance contract issued by NLIC. Plan investments for retiree medical liabilities include both a group annuity contract issued by NLIC, backed by fixed investments with an interest rate guarantee, and a third-party trust. The investment mix is measured and monitored

NOTES TO FINANCIAL STATEMENTS

on an ongoing basis through regular investment reviews, annual liability measurements, and periodic asset/liability studies.

13. The following table shows benefits expected to be paid in each of the next five fiscal years and in the aggregate for the five fiscal years thereafter:

	Pension Benefits	Postretirement Benefits
2012	$ 186,903,871	$ 17,414,409
2013	189,405,599	17,870,018
2014	193,396,094	18,378,124
2015	196,880,412	18,956,610
2016	202,696,853	19,316,473
2017-2021	1,139,473,687	98,458,718

14. The Company expects to contribute $14.2 million to the non-qualified pension plan and $17.4 million to the postretirement benefit plan in 2012. The Company does not have a required minimum funding contribution for the NRP and as of this date, has not determined the amount of any contribution.

15. Plan assets are invested in a trust with The Bank of New York Mellon as the custodian and trustee and a group annuity contract issued by Nationwide Life Insurance Company.

16. Not applicable.

17. Not applicable.

18. Not applicable.

19. Not applicable.

B. Defined Contribution Plans

The Company, together with other affiliated companies, participates in a defined contribution retirement savings plan (401(k)) covering substantially all employees. Employees 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 biweekly 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 $57.7 million and $57.6 million for 2011 and 2010, respectively. Individuals are subject to a dollar limit on salary deferrals per IRS Section 402(g) ($16,500 in 2011 and 2010, respectively). Other limits also apply.

C. Multiemployer Plans

Not applicable.

D. Consolidated/Holding Company Plans

The Company, together with other affiliated companies, participates in non-qualified deferred compensation and defined benefit arrangements for certain employees and agents. Expenses are allocated to the Company based on individual participants. Total Plan liabilities for non-qualified deferred compensation plans were $246.3 million and $250.1 million on December 31, 2011 and December 31, 2010, respectively. Total Plan liabilities for non-qualified defined benefit plans were $270.9 million and $248.8 million on December 31, 2011 and December 31, 2010, respectively. Total expense related to the non-qualified benefit plans was $17.3 million and $17.1 million for years ended December 31, 2011 and 2010, respectively.

The ASCP is a non-qualified, unfunded deferred compensation program available to eligible agents. The designated agents covered by the ASCP are not employees of the Company, but they are independent contractors exclusively representing the Company in the sale of insurance and related products. Accordingly, the Company believes it is appropriate to apply the concepts of SSAP No. 89, *Accounting for Pensions, A Replacement of SSAP No. 8*, by analogy to the ASCP.

Total liabilities related to the ASCP were $1,134.9 million and $1,316.9 million at December 31, 2011 and 2010, respectively. Total expense recorded for this program was $109.3 million and $122.9 million for the years ended December 31, 2011 and 2010, respectively.

E. Postemployment Benefits and Compensated Absences

Not applicable.

F. Impact of Medicare Modernization Act on Postretirement Benefits

In 2004 the postretirement medical plan was amended to reflect the provisions of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act), which was signed into law on December 8, 2003. The amendment integrates prescription drug benefits with the coverage provisions provided in the Act. The impact of the amendment is reflected in the accumulated postretirement benefit obligations beginning December 31, 2004. The one time expense impact of the Act was a $2.0 million decrease for 2005.

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

A. Outstanding Shares

Not applicable.

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.

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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 $419,776,142 less applicable deferred taxes of ($15,861,071), for a net unrealized capital gain of $435,637,213.

K. Surplus Notes

Issued Surplus Notes

On August 5, 2009, the Company issued $700.0 million of 9.375% surplus notes in exchange for cash. The notes were issued pursuant to Rule 144A under the Securities Act of 1933 and mature August 15, 2039. The notes are not part of the legal liabilities of the Company, and are not a liability or claim against the Company or any of its assets. Interest payments are scheduled semi-annually on February 15 and August 15 of each year, commencing February 15, 2010, over the life of the surplus note with the principal due at maturity. The Director of the Ohio Department of Insurance (Director) must approve interest and principal payments before paid and only to the extent the Company has sufficient policyholder's surplus to make such payment. The 9.375% surplus note may be redeemed by the Company, with the approval of the Director, at any time for a redemption price equal to the greater of 100% of their principal amount or the sum of the present value of the remaining scheduled payments of principal and interest on the notes, discounted to the redemption date on a semi-annual basis at the Treasury Rate plus 50 basis points, as defined in the notes. Issuance costs of $7.8 million were expensed in accordance with statutory accounting principals. The notes are unsecured obligations of the Company and are expressly subordinated in right of payment to all existing and future claims and senior indebtedness, including all insurance policies and existing or future indebtedness issued, incurred, or guaranteed by the Company, including similarly subordinated obligations. In the event of a liquidation proceeding, holders of indebtedness, policy claims and prior claims would have greater preference under both the Liquidation Act and the terms of the note and, accordingly would have the right to be paid in full before any payments of interest and principal are made to the note holders. In 2011 and 2010, incurred interest expense on this note totaled $66.0 million and $66.0 million, respectively. The accumulated interest incurred through December 31, 2011 and 2010 was $159.3 million and $93.0 million, respectively. The carrying value of the notes as of December 31, 2011 is $700.0 million.

On April 5, 2004, the Company issued $400 million of 6.60% surplus notes due April 15, 2034. The notes were issued in accordance with Section 3901.72 of the Ohio Revised Code. Except as provided in Section 3901.72, the notes are not part of the legal liabilities of the Company, and are not a liability or claim against the Company or any of its assets. Interest payments are scheduled semi-annually over the life of the surplus notes with the principal due at maturity. The Director of the Ohio Department of Insurance (Director) must approve interest and principal payments before paid. The 6.60% surplus note may be redeemed by the Company, with the approval of the Director, at any time for a redemption price equal to the greater of 100% of their principal amount or the sum of the present value of the remaining scheduled payments of principal and interest on the notes, discounted to the redemption date on a semi-annual basis, as defined in the notes. Issuance costs were expensed in accordance with statutory accounting principles. In 2011 and 2010, incurred interest expense on this note totaled $26.4 million and $26.4 million, respectively. The accumulated interest incurred through December 31, 2011 and 2010 was $198.7 million and $172.3 million, respectively. The carrying value of the notes as of December 31, 2011 is $398.8 million.

On March 25, 2003, the Company issued $300 million of 7.875% surplus notes due April 1, 2033. The notes were issued in accordance with Section 3901.72 of the Ohio Revised Code. Except as provided in Section 3901.72, the notes are not part of the legal liabilities of the Company, and are not a liability or claim against the Company or any of its assets. Interest payments are scheduled semi-annually over the life of the surplus notes with the principal due at maturity. The Director of the Ohio Department of Insurance (Director) must approve interest and principal payments before paid. The 7.875% surplus note may be redeemed by the Company, with the approval of the Director, at any time for a redemption price equal to the greater of 100% of their principal amount or the sum of the present value of the remaining scheduled payments of principal and interest on the notes, discounted to the redemption date on a semi-annual basis, as defined in the notes. Issuance costs were expensed in accordance with statutory accounting principles. In 2011 and 2010, incurred interest expense on this note totaled $23.6 million and $23.6 million, respectively. The accumulated interest incurred through December 31, 2011 and 2010 was $201.1 million and $177.5 million, respectively. The carrying value of the notes as of December 31, 2011 is $293.5 million.

On November 30, 2001, the Company issued $400 million of 8.25% surplus notes due December 1, 2031. The notes were issued in accordance with Section 3901.72 of the Ohio Revised Code. Except as provided in Section 3901.72, the notes are not part of the legal liabilities of the Company, and are not a liability or claim against the Company or any of its assets. Interest payments are scheduled semi-annually over the life of the surplus notes with the principal due at maturity. The Director must approve interest and principal payments before paid. The 8.25% surplus note may be redeemed by the Company, with the approval of the Director, at any time for a redemption price equal to the greater of 100% of their principal amount or the sum of the present value of the remaining scheduled payments of principal and interest on the notes, discounted to the redemption date on a semiannual basis, as defined in the notes. Issuance costs were expensed in accordance with statutory accounting principles. In 2011 and 2010, incurred interest expense on this note totaled $33.0 million and $33.0 million, respectively. The accumulated interest incurred through December 31, 2011 and 2010 was $330.1 million and $297.1 million, respectively. The carrying value of the notes as of December 31, 2011 is $394.8 million.

NOTES TO FINANCIAL STATEMENTS

On December 2, 2008, the Company exercised its right to issue $400 million of 5.81% surplus notes due December 15, 2024. The note was originally created as a contingent note (discussed below) on December 15, 2004 through the North Front Pass-Through Trust. For the period from 12/15/04 to 12/15/14 (the “Fixed Rate Period”), the Securities will pay to its holders interest of 5.81% per annum. Thereafter, until maturity (the “Floating Rate Period”), the Securities will pay interest per annum at a rate of 3 month LIBOR, plus 2.29%. The notes were issued in accordance with Section 3901.72 of the Ohio Revised Code. Except as provided in Section 3901.72, the notes are not part of the legal liabilities of the Company, and are not a liability or claim against the Company or any of its assets. Interest payments are scheduled semi-annually over the life of the surplus notes with the principal due at maturity. The Director must approve interest and principal payments before paid. The surplus note may be redeemed by the Company, with the approval of the Director, at any time for a redemption price equal to the greater of 100% of their principal amount or the sum of the present value of the remaining scheduled payments of principal and interest on the notes, discounted to the redemption date on a semiannual basis, as defined in the notes. There were no issuance costs expensed as the note was created as a contingent note through the North Front Pass-Through Trust. In 2011 and 2010, incurred interest expense on this note totaled $23.2 million and $23.2 million, respectively. The accumulated interest incurred through December 31, 2011 and 2010 was $70.4 million and $47.2 million, respectively. The carrying value of the notes as of December 31, 2011 is $334.4 million.

L. and M. Quasi Reorganizations

Not applicable.

Note 14 – Contingencies

A. Contingent Commitments

In accordance with SSAP 5R, for all guarantees made to or on behalf of wholly-owned subsidiaries, no initial liability recognition has been made.

The Company has guaranteed the timely payment and performance of the obligations of its unconsolidated subsidiary Nationwide Indemnity Company under reinsurance agreements between Indemnity and Employers Insurance of Wausau (EIOW) and certain of its affiliated property and casualty companies. These reinsurance agreements provided for the transfer in 1998 to Nationwide Indemnity Company of loss and loss expense reserves, including reserves for asbestos and environmental claims, from EIOW and certain of its affiliated property and casualty companies. As of December 31, 2011 and 2010, losses and loss expense reserves covered by this guarantee totaled $1.4 billion and $1.8 billion, respectively, including approximately $1.2 and $1.3 billion, respectively, for asbestos and environmental claims.

The Company has guaranteed loans to its agents with various maturities issued by Nationwide Bank, a subsidiary of the Company, which totaled $89.3 million and $101.9 million at December 31, 2011 and 2010, respectively. Each guarantee requires the Company to satisfy the outstanding loan amount of any loan in the event of Agent default. Such loans are deemed to be in default when the borrower is 90 days or more past due on contractually required payments. Based on historical evidence and agent delinquency rates, the performance risk of this guarantee is possible as of December 31, 2011. However, if action is required, the impact to the Company’s statutory financial position would be immaterial.

The Company has guaranteed the indebtedness of its subsidiary Nationwide Life for a term loan for servicing rights to Nationwide Advantage Mortgage Corporation (NAMC). At December 31, 2011 and 2010, the amount of the guarantee was $21.4 million and matures on November 16, 2016. Pursuant to the terms of this guarantee, the Company would be required to repay Nationwide Life in the event of default by NAMC. As of December 31, 2011, the Company's assessed performance risk of the guarantee is low. This assessment has been determined in consideration of NAMC’s payment history, as NAMC is current in all payments of principal and interest.

The Company has guaranteed the indebtedness of its subsidiary NAMC for a Working Capital facility to NAMC. At December 31, 2011 and 2010, the amount of the guarantee was $3.5 million and $23.5 million, respectively. Pursuant to the terms of this guarantee, the Company would be required to repay JPM Chase in the event of default by NAMC. The guarantee expired in February 2012 and was renegotiated with Fifth Third Bank and matures on May 6, 2015. As of December 31, 2011, the Company's assessed performance risk of the guarantee is low. This assessment has been determined in consideration of NAMC’S payment history, as NAMC is current in all payments of principal and interest.

The Company has guaranteed the indebtedness of its subsidiary Nationwide Realty Investors, Ltd. (NRI) for a Working Capital Facility for NRI. At December 31, 2011 and 2010, the amount of the guarantee was $49.2 million and $49.9 million, respectively, and matures on September 26, 2012. Pursuant to the terms of this guarantee, the Company would be required to repay Huntington National Bank in the event of default by NRI. As of December 31, 2011, the Company's assessed performance risk of the guarantee is low. This assessment has been determined in consideration of NRI’S payment history, as NRI is current in all payments of principal and interest.

On January 14, 2010, the Company guaranteed the indebtedness of NRI for a Working Capital Facility for NRI. At December 31, 2011, the amount of the guaranty was $24.2 million and matures on May 6, 2015. Pursuant to the terms of this guarantee, the Company would be required to repay Fifth Third Bank in the event of default by NRI. As of December 31, 2011, the Company’s assessed performance risk of the guaranty is low. This assessment had been determined in consideration of NRI’s payment history, as NRI is current in all payments of principal and interest.

The Company has guaranteed full payment of workers’ compensation claims for certain wholly-owned subsidiaries. The guarantee is required by the Ohio State Workers’ Compensation Fund to allow smaller subsidiaries to be self insured, and pursuant to the terms of this guarantee, the Company would be required to pay $2.0 million for each accident or $2.0 million for each employee disease. Credit risk of external insurance remains with the Company. Based on historical evidence, the performance risk of this guarantee is remote as of December 31, 2011. The maximum amount of the obligation under this guarantee is not determinable.

As of December 31, 2011 and 2010, the fair value of structured settlement annuities for which the claimant is payee, but for which the Company is contingently liable, were $8.1 million and $7.3 million, respectively. The Company has committed no reserves to cover any contingent liabilities.

At December 31, 2011, the Company has unfunded commitments of $674.6 million related to its investments in limited partnerships and limited liability companies and $5.1 million related to commercial mortgage loans.

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

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2011 and 2010, the Company accrued a liability for guaranty fund and other assessments of $21.4 million and $31.2 million and a related premium tax benefit asset of $10.9 million and $15.8 million, respectively. 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.

(1) Description	(2) Amount
Assets recognized from paid and accrued premium tax offsets and policyholder surcharges prior year-end	$ 15,819,036
Decreases current year:	
Premium tax offsets applied	$ 2,814,392
Change in accrued premium tax offsets	$ 2,139,988
Assets recognized from paid and accrued premium tax offsets and policyholder surcharges current year-end	$ 10,864,656

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 were reserved net of anticipated recoveries for $50.4 million and $52.5 million at December 31, 2011 and 2010, respectively. The Company is contingently liable under certain structured settlement agreements (See Note 27A).

The Company has also purchased annuities to fund workers' compensation indemnity claims where there has been no settlement with the claimant. The Company released its claim reserve, but remains contingently liable for the estimated life expectancy payout of $19.1 million.

Note 15 – Leases

A. Lessee Leasing Arrangements

1. The rental expense for 2011 and 2010 was approximately $67.3 million and $74.2 million, respectively.

2. At January 1, 2012, the future minimum rental payments in the aggregate and for each of the five succeeding years are $160.7 million.

3. Sale Leaseback for 2011

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. The table below summarizes the face amount of the Company's financial instruments with off balance sheet risk.

	Assets		Liabilities	
Description	2011 Notional	2010 Notional	2011 Notional	2010 Notional
a. Swaps	1,750,000,000	1,981,000,000	1,629,865,104	1,490,915,104
b. Futures	18,738,750	175,187,500	193,984,375	12,687,500
c. Options	-	-	-	-
Totals	**$ 1,768,738,750**	**$ 2,156,187,500**	**$ 1,823,849,479**	**$ 1,503,602,604**

B. Notional amounts of derivative financial instruments significantly exceed the credit risk associated with these instruments and represent contractual balances on which calculations of amounts to be exchanged are based. Credit exposure is limited to the sum of the aggregate fair value of positions that have become favorable to the Company, including accrued interest receivable due from counterparties, net of collateral received.

C. Potential credit losses are minimized through careful evaluation of counterparty credit standing, selection of counterparties from a limited group of high quality institutions, collateral agreements and other contract provisions.

D. Collateral requirements for over-the-counter derivative instruments are controlled by the International Swap Dealers Association and Credit Support Annex documents that are negotiated with each counterparty. Generally, these documents outline each party's rights and obligations for receiving and posting collateral. The documents address such issues as calculating collateral due/owed, delivery and return of collateral, uses and substitution for collateral, distributions and interest rights and remedies for both parties, credit thresholds and eligible collateral (typically cash, debt obligations issued by the United States Treasury, or obligations issued by government agencies). The Company monitors their collateral position on a daily basis, adjusting positions as necessary, and in accordance with the terms of these agreements. For exchange-traded future and option contracts, the broker for the various types of contracts that the Company may employ establishes margin requirements. The margin account is settled daily for changes in contracts outstanding and movements in market values of open contracts. The Company uses cash to cover the margin account requirements.

NOTES TO FINANCIAL STATEMENTS

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 financials assets where it was not practicable to estimate their fair value.

2. The Company has entered into a securities lending agreement with an agent bank whereby eligible securities may be loaned to third parties, primarily major brokerage firms. These transactions are used to generate additional income on the securities portfolio. Loaned securities continue to be reported as invested assets and the Company is entitled to receive any payments of interest or dividends paid on loaned securities. The agreement requires a minimum of 102% of the fair value of loaned securities to be held as collateral. Cash collateral received from borrowers is reflected as a “Payable for securities lending” on the “Statement of Liabilities, Surplus and Other Funds” while non-cash collateral is recorded off-balance sheet. Cash collateral received is reinvested by the agent bank in accordance with the Company’s authorized investment policy and included in “Securities lending reinvested collateral assets” in the “Statement of Assets”. If the fair value of the reinvested collateral assets is less than the fair value of the securities loaned, the shortfall is non-admitted. Because the borrower or the Company may terminate a securities lending transaction at any time, if loans are terminated in advance of the reinvested collateral asset maturities, the Company would repay its securities lending obligation from operating cash flows or the proceeds of sales from its investment portfolio, which includes significant liquid securities.

   The fair value of loaned securities was $79,047,691 at December 31, 2011. The Company does not hold any non-cash collateral for loaned securities as of December 31, 2011.

   Reinvested collateral assets reported on Schedule DL are excluded from other statutory schedules and disclosures.

   See Note 5 E. for additional information concerning 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.

Fair values for the Company’s derivative instruments are determined using valuation techniques, primarily pricing models, whose inputs are predominately observable in the market. These inputs include, but are not limited to, interest rate swap curves, credit spreads, interest rates, counterparty credit risk, equity volatility, and equity index levels. In some cases, the Company will utilize non-binding broker quotes as an additional valuation input.

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.

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	-	14,386,250	-	14,386,250
Credit tenant loans	-	-	-	-
Industrial & Misc.	-	382,666,482	55,459,055	438,125,537
Total Bonds	**$ -**	**$ 397,052,732**	**$ 55,459,055**	**$ 452,511,787**
Sec Lending	-	9,801,439	-	9,801,439
Preferred Stocks	-	-	270,855	270,855
Common Stocks	35,396,877	-	45,774,095	81,170,972
Loans held for sale	-	-	32,681,269	32,681,269
Separate Account Assets	-	-	-	-
Derivative Assets	7,640,026	112,595,441	-	120,235,467
Total Assets at Fair Value	**$ 43,036,903**	**$ 519,449,611**	**$ 134,185,274**	**$ 696,671,789**
Liabilities at Fair Value				
Derivatives Liabilities	19,198,344	136,426,856	-	155,625,200
Total Liabilities at Fair Value	**$ 19,198,344**	**$ 136,426,856**	**$ -**	**$ 155,625,200**

Assets and liabilities for which the Company used significant unobservable inputs (Level 3) to determine fair value measurements for the twelve months ended December 31, 2011:

		Net Investment Gain/Loss		Activity During the Period			
	Balance as of 12/31/2010	In Earnings	Unrealized in Surplus	Purchases, issuances, sales, and settlements	Transfers Into Level 3	Transfers Out of Level 3	Balance as of 12/31/2011
Assets at Fair Value							
U.S. Government bonds	-	-	-	-	-	-	-
States, Territories and Possessions	-	-	-	-	-	-	-
Political subdivisions	-	-	-	-	-	-	-
Special revenues	-	-	-	-	-	-	-
Hybrid Securities	-	-	-	-	-	-	-
Credit tenant loans	-	-	-	-	-	-	-
Industrial and miscellaneous	68,043,585	(274,571)	4,903,722	4,183,376	9,251,830	(30,648,887)	55,459,055
Total Bonds	**$ 68,043,585**	**$ (274,571)**	**$ 4,903,722**	**$ 4,183,376**	**$ 9,251,830**	**$ (30,648,887)**	**$ 55,459,055**
Sec Lending	-	-	-	-	-	-	-
Preferred Stocks	256,581	-	14,274	-	-	-	270,855
Common Stocks	40,424,102	-	337,602	5,646,704	-	(634,313)	45,774,095
Loans held for sale	33,022,812	3,656,935	-	(3,998,478)	-	-	32,681,269
Separate Account Assets	-	-	-	-	-	-	-
Derivative Assets	-	-	-	-	-	-	-
Total Assets at Fair Value	**$ 141,747,080**	**$ 3,382,364**	**$ 5,255,598**	**$ 5,831,602**	**$ 9,251,830**	**$ (31,283,200)**	**$ 134,185,274**
Liabilities at Fair Value							
Derivatives Liabilities	-	-	-	-	-	-	-
Total Liabilities at Fair Value	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

NOTES TO FINANCIAL STATEMENTS

Assets and liabilities for which the Company used significant unobservable inputs (Level 3) to determine fair value measurements for the three months ended December 31, 2011:

	Balance as of 09/30/2011	Net Investment Gain/Loss In Earnings	Net Investment Gain/Loss Unrealized in Surplus	Activity During the Period Purchases, issuances, sales, and settlements	Transfers Into Level 3	Transfers Out of Level 3	Balance as of 12/31/2011
Assets at Fair Value							
U.S. Government bonds	-	-	-	-	-	-	-
States, Territories and Possessions	-	-	-	-	-	-	-
Political subdivisions	-	-	-	-	-	-	-
Special revenues	-	-	-	-	-	-	-
Hybrid Securities	-	-	-	-	-	-	-
Credit tenant loans	-	-	-	-	-	-	-
Industrial and miscellaneous	66,017,392	-	(831,181)	(1,179,643)	-	(8,547,512)	55,459,055
Total Bonds	$ 66,017,392	$ -	$ (831,181)	$ (1,179,643)	$ -	$ (8,547,512)	$ 55,459,055
Sec Lending	-	-	-	-	-	-	-
Preferred Stocks	267,850	-	3,005	-	-	-	270,855
Common Stocks	44,270,021	-	1,344,340	(883,303)	1,043,038	-	45,774,095
Loans held for sale	31,611,120	-	1,217,935	(147,786)	-	-	32,681,269
Separate Account Assets	-	-	-	-	-	-	-
Derivative Assets	-	-	-	-	-	-	-
Total Assets at Fair Value	$ 142,166,382	$ -	$ 1,734,099	$ (2,210,732)	$ 1,043,038	$ (8,547,512)	$ 134,185,274
Liabilities at Fair Value							
Derivatives Liabilities	-	-	-	-	-	-	-
Total Liabilities at Fair Value	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Transfers: Level 3

Assets and liabilities are included in this roll forward table because their fair value categorizations are deemed to be Level 3 at December 31, 2011, September 30, 2011 and/or December 31, 2010 and (1) they are items consistently reported at fair value (e.g., common stocks, certain derivatives, certain separate account assets), or (2) they are items that are reported at fair value due to the application of "lower of amortized cost or fair value" rules applicable to securities with lower NAIC ratings designations. Transfers out of Level 3 were due to pricing increases on bonds previously carried at fair value now carried at amortized cost under the application of "lower of amortized cost or fair value" rules. Transfers into Level 3 were due to pricing decreases on bonds previously carried at amortized cost now carried at fair value under the application of "lower of amortized cost or fair value" rules.

Note 21 - Other Items

A. Extraordinary Items

Not applicable.

B. Troubled Debt Restructuring for Debtors

Not applicable.

C. Other Disclosures

In August, 2011, the Company entered into the California Earthquake Authority (CEA). Exposure to certain potential losses from earthquakes in California is limited by the Company's participation in the CEA, which provides insurance for California earthquake losses.

Should losses arising from an earthquake cause a deficit in the CEA, additional funding would be obtained from the proceeds of revenue bonds the CEA may issue, an existing reinsurance layer and finally, if needed, assessments on participating insurance companies, to restore the CEA capital to the statutory minimum-capital level of $350 million. All future assessments on participating CEA insurers are based on their CEA market share as of December 31 of the preceding year. As the Company did not participate in the prior year, the Company's possible CEA assessment cannot be reasonably estimated as of December 31, 2011.

Additionally, based on the Company's earthquake-insurance risk profile, the Company may be required to pay risk-capital surcharges in addition to its required capital contribution and any required loss assessments. The Company's earthquake-insurance risk profile is determined by the CEA and indicates the likelihood and magnitude of additional CEA losses from insuring the Company's book of business during its first full year of CEA participation. As of December 31, 2011, a risk profile has not been completed; therefore a risk-capital surcharge cannot be estimated.

On May 31, 2011, the Catastrophe Bonds issued in June 2008 related to the Company's Caelus Re I, expired. The Company has replaced this coverage through traditional reinsurance layers.

The Company and certain of its affiliates entered into an agreement with Caelus Re II, Cayman Islands Special Purpose Reinsurance Vehicle, for the purpose of securing collateralized, multi-year property catastrophe loss protection through the capital markets. In May 2010, Caelus Re II issued Catastrophe Bonds, which provide reinsurance coverage to the Company for events including hurricanes and earthquakes. The Catastrophe Bonds are indemnity trigger based bonds where the Company recovers losses in excess of a specified level of catastrophic claims, which is reset annually. The Caelus Re II bond had an attachment point of $2.0 billion and $2.2 billion as of December 31, 2011 and 2010, respectively. In 2011 and 2010, the Company did not receive any recoveries and paid $12 million and $6 million, respectively, to Caelus Re II for this coverage. The agreement expires in May, 2013.

D. Uncollectible Premiums Receivable

Not applicable.

E. Business Interruption Insurance Recoveries

Not applicable.

NOTES TO FINANCIAL STATEMENTS

F. State Transferable and Non-Transferable Tax Credits

1.

Description of State Transferable Tax Credits	State	Carrying Value	Unused Amount
Mayberry Solar, LLC	GA	$ 322,742	$ 815,838
Total		$ 322,742	$ 815,838

Description of State Non-Transferable Tax Credits	State	Carrying Value	Unused Amount
Mayfair Mill LLC	AR, NC	$ 39,267	$ 38,440
Patrick Henry Lofts (611 Jefferson SIF, LLC)	VA	$ 4,751,534	$ -
South Carolina State Tax Credit Partners LLC	SC	$ 1,248,577	$ 1,193,244
Total		$ 6,039,378	$ 1,231,684

2. The Company estimated the utilization of the remaining transferable state tax credits by projecting future premium taking into account policy growth and rate changes, projecting future tax liability based on projected premium, tax rates and tax credits, and comparing projected future tax liability to the availability of remaining transferable state tax credits.

3. Impairment Loss – No impairments were recognized.

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.

The following table identifies the general asset categories' exposure to securities containing sub-prime collateral. This table also identifies the end of period unrealized gain/loss or other than temporary impairments.

	For the period ended December 31, 2011				
	Actual Cost	Book Adjusted Carry Value	Fair Value	Unrealized Gains/ (Losses)	Impairments
Mortgage loans	-	-	-	-	-
Residential mortgage backed securities	65,003,634	40,325,476	39,401,039	(924,437)	419,911
Commercial mortgage backed securities	-	-	-	-	-
Collateralized debt obligations	-	-	-	-	-
Structured securities	8,810,507	7,575,786	6,999,180	(576,606)	56,379
Equity investments	-	-	-	-	-
Other invested assets	-	-	-	-	-
Total subprime exposure	$ 73,814,141	$ 47,901,262	$ 46,400,219	$ (1,501,043)	$ 476,290
Underwriting exposure to subprime mortgage risk through Mortgage Guaranty or Financial Guarantee	$ -	$ -	$ -	$ -	$ -

Note 22 - Events Subsequent

Subsequent events have been considered through February 10, 2012 for these statutory financial statements which are to be issued February 21, 2012.

On September 29, 2011, the Company announced that it had entered into a definitive agreement pursuant to which Harleysville Mutual Insurance Company (Harleysville Mutual) and Harleysville Group Inc. (Harleysville Group and, collectively with Harleysville Mutual, Harleysville) will merge with the Company. Under the terms of the agreement, Harleysville Mutual policyholders will become policyholders and members of the Company, and the Company will acquire all of the publicly held shares of common stock of Harleysville Group for $60 per share in cash. Subject to customary closing conditions, including, among others, approval from various regulatory bodies, stockholders of Harleysville Group and policyholders of Harleysville Mutual and the Company, the transaction is expected to close in 2012. Upon closing, Harleysville Group would be a wholly-owned subsidiary of the Company. Harleysville, based in Harleysville, Pennsylvania, provides property and casualty insurance and life insurance products to customers through independent agents.

Note 23 – Reinsurance

A. Unsecured Reinsurance Recoverables

The Company has unsecured aggregate reinsurance recoverable for paid and unpaid losses, loss adjustment expenses, and unearned premiums from an individual reinsurer that exceeds 3% of policyholders' surplus in the amount of $508,330,670. The amount is shown below by reinsurer.

NAIC Company Code	Reinsurer	FEIN#	Unsecured Reinsurance
00000	Michigan Claims Cat Fund	AA-9991159	$484,927,725

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.

NOTES TO FINANCIAL STATEMENTS

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	$4,817,833	$737,785	$1,237,346	$203,955	$3,580,487	$533,830
b. All Others	53,831	8,431	41,890	3,227	$11,941	$5,203
c. Totals	**$4,871,664**	**$746,215**	**$1,279,236**	**$207,182**	**$3,592,428**	**$539,033**
d. Direct Unearned Premium Reserve			$1,108,792			

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	$22,762	$209,412	$36,866	$195,308
b. Sliding Scale Adjustments	0	0	0	0
c. Other Profit Commissions	0	0	0	0
d. Totals	**$22,762**	**$209,412**	**$36,866**	**$195,308**

D. Uncollectible Reinsurance

During 2011, the Company has written off reinsurance balances due from the companies listed below in the amount of $184,979, which is reflected as:

Statement of Income Account	Amount
1. Losses Incurred	$184,979
2. Loss adjustment expenses Incurred	-
3. Premiums earned	-
4. Other	-
Total	$184,979

Reinsurer	Amount
Excess Casualty Reinsurance Association	$770
Classic Fire & Marine Ins Co.	$38,912
Genereal Reinsurance Co.	$92,804
St. Paul Reins Co.	$52,493
	$184,979

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

A. Method Used to Estimate

The Company sells accident and health policies for which the premiums vary based on loss experience. Future premium adjustments for these retrospective policies are estimated and accrued. The Company estimates these accrued retrospective premium adjustments through the review of each individual retrospectively rated risk, comparing case basis loss development with that anticipated in the policy contracts to arrive at the best estimates of return or additional premiums.

B. Method Used to Record

The Company records retrospective premium accruals as earned by adjusting unearned premiums. These amounts are not recorded as premiums written until they are billed to the policyholders. Return premiums are recorded as liabilities and additional premiums are recorded as assets.

C. Amount and Percent of Net Retrospective Premiums

Net premiums written for the current year on retrospective accident and health policies were $612,604 or 0.4% of accident and health premiums written.

D. Medical Loss Ratio Rebates

Not applicable.

NOTES TO FINANCIAL STATEMENTS

E. Calculation of Nonadmitted Accrued Retrospective Premiums

Not applicable.

Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses

(000's) Line of Business	2011 Calendar Year Losses and LAE Incurred: Losses Incurred	LAE Incurred	Totals	2011 Loss Year Losses and LAE Incurred	Shortage (Redundancy)	Loss & DCC Shortage (Redundancy)	Impact of AO on Total Shortage (Redundancy)
Homeowners / Farmowners	$2,076,602	$250,514	$2,327,116	$2,412,321	($85,206)	($81,288)	($3,918)
Commercial Multiple Peril	743,167	151,391	894,559	971,417	(76,859)	($81,270)	$4,411
Workers' Compensation	135,675	18,870	154,545	154,331	214	$660	($446)
Other Liability	257,916	155,366	413,282	547,231	(133,949)	($149,808)	$15,859
Product Liability	57,033	23,579	80,612	50,259	30,352	$29,870	$483
Auto	4,069,707	706,887	4,776,594	4,855,073	(78,479)	($98,831)	$20,352
All Others	475,025	42,799	517,825	482,476	35,348	31,999	$3,349
Totals	**$7,815,125**	**$1,349,406**	**$9,164,531**	**$9,473,108**	**($308,577)**	**($348,668)**	**$40,091**

The estimated cost of loss and loss adjustment expenses attributable to insured events of prior years decreased by $308.6 million (3.8% of prior year reserves) during 2011, as shown in the chart above. The redundancy was primarily associated with the homeowners/farmowners, commercial multiple peril and other liability lines of business. The favorable impacts are primarily due to improvements in underwriting/mix of business, claims process improvements, favorable development on weather/CAT claims, and the increased adequacy of case reserve levels.

Note 26 - Intercompany Pooling Arrangements

Effective January 1, 2011 the following companies became participants in a pooling reinsurance agreement with the Company whereby the Company 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 the Company: 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. The Company 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 the Company.

The Company 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

NOTES TO FINANCIAL STATEMENTS

Note 27 - 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, 2011 and 2010 is $126.3 million and $135.2 million, respectively.

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

There were no annuity insurers with balances due greater than 1% of policyholders' surplus in 2011.

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.

Note 31 - High Deductibles

Not applicable.

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

The Company discounts the liabilities for unpaid losses and loss expenses for long-term accident and health claims. The Company does not discount incurred but not reported (IBNR). Different companies service our long-term accident and health unpaid disability claims and supply the reserves and tabular discount; thus, different methodologies have been utilized. The Company does not have any non-tabular discount.

A. Tabular Discounts

1. 1987 Commissioner's Group Disability Table (CGDT)
2. For the 1987 CGDT, rate used was the maximum interest rate permitted by law in the valuation of a single premium immediate annuity issued on the same date as the claim incurral date, reduced by one hundred basis points (rates used vary from 4.00% to 10.25%).
3. The December 31, 2011 liabilities include $3,037,447 of such discounted reserves.
4. The amount of tabular interest discount for Other (including Credit, Accident and Health) is $520,553.

B. Non-Tabular Discounts

The Company does not have any non-tabular discount.

C. Changes in Discount Assumptions

None.

Note 33 - Asbestos/Environmental Reserves

A. The Company has exposure to asbestos and environmental claims through either the direct issuance of general liability policies or through reinsurance assumptions. 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.

This schedule includes all loss segments that now reside in the Company. The Company's asbestos and environmental related losses for each of the five most recent calendar years were as follows:

(1) **Asbestos Claims - Direct**	2007	2008	2009	2010	2011
Beginning Reserves:	$ 48,270,972	$ 42,735,758	$ 40,044,146	$ 36,976,892	$ 37,818,773
Incurred Loss and Loss Adj. Expense:	$ (821,049)	$ 860,218	$ 2,201,773	$ 6,459,174	$ 1,486,565
Calendar Year Payments:	$ 4,714,165	$ 3,551,830	$ 5,269,025	$ 5,617,292	$ 5,493,933
Ending Reserve:	$ 42,735,758	$ 40,044,146	$ 36,976,892	$ 37,818,773	$ 33,811,404

(2) **Asbestos Claims - Assumed**	2007	2008	2009	2010	2011
Beginning Reserves:	$ 101,090,000	$ 117,932,940	$ 123,588,264	$ 134,236,644	$ 136,542,821
Incurred Loss and Loss Adj. Expense:	$ 23,193,070	$ 13,316,621	$ 21,085,429	$ 15,500,000	$ 857,202
Calendar Year Payments:	$ 6,350,130	$ 7,661,297	$ 10,437,049	$ 13,193,823	$ 2,441,677
Ending Reserve:	$ 117,932,940	$ 123,588,264	$ 134,236,644	$ 136,542,821	$ 134,958,347

NOTES TO FINANCIAL STATEMENTS

(3) **Asbestos Claims - Net**

	2007	2008	2009	2010	2011
Beginning Reserves:	$ 8,288,706	$ 7,262,816	$ 7,269,076	$ 7,251,699	$ 7,704,639
Incurred Loss and Loss Adj. Expense:	$ (331,257)	$ 311,926	$ 205,539	$ 1,285,524	$ (321,748)
Calendar Year Payments:	$ 694,632	$ 305,666	$ 222,916	$ 832,584	$ 260,984
Ending Reserve:	$ 7,262,816	$ 7,269,076	$ 7,251,699	$ 7,704,639	$ 7,121,907

B. Bulk and IBNR Losses and LAE

(1)	Direct	$ 25,679,811
(2)	Assumed	$ 108,177,426
(3)	Net of Ceded Reisurance	$ 5,859,335

C. Case, Bulk and IBNR LAE

(1)	Direct	$ 17,888,235
(2)	Assumed	$ -
(3)	Net of Ceded Reisurance	$ 2,992,275

D. See A above

(1) **Environmental Claims - Direct**

	2007	2008	2009	2010	2011
Beginning Reserves:	$ 29,827,922	$ 26,907,809	$ 25,400,193	$ 24,156,883	$ 23,539,193
Incurred Loss & Loss Adj. Expense:	$ 2,548,303	$ 775,091	$ 599,410	$ 911,405	$ (136,544)
Calendar Year Payments:	$ 5,468,417	$ 2,282,707	$ 1,842,720	$ 1,529,096	$ 1,688,011
Ending Reserve:	$ 26,907,809	$ 25,400,193	$ 24,156,883	$ 23,539,193	$ 21,714,638

(2) **Environmental Claims - Assumed**

	2007	2008	2009	2010	2011
Beginning Reserves:	$ 72,910,000	$ 88,003,157	$ 100,396,689	$ 67,419,523	$ 41,506,818
Incurred Loss & Loss Adj. Expense:	$ 13,003,404	$ 13,723,305	$ (32,026,862)	$ (21,000,000)	$ (1,713,536)
Calendar Year Payments:	$ (2,089,753)	$ 1,329,773	$ 950,304	$ 4,912,705	$ 1,571,824
Ending Reserve:	$ 88,003,157	$ 100,396,689	$ 67,419,523	$ 41,506,818	$ 38,221,458

(3) **Environmental Claims - Net**

	2007	2008	2009	2010	2011
Beginning Reserves:	$ 24,082,828	$ 21,539,030	$ 20,426,658	$ 21,046,935	$ 20,507,262
Incurred Loss and Loss Adj. Expense:	$ 2,547,954	$ 768,151	$ 2,221,151	$ 909,284	$ 395,915
Calendar Year Payments:	$ 5,091,752	$ 1,880,524	$ 1,600,874	$ 1,448,958	$ 1,620,826
Ending Reserve:	$ 21,539,030	$ 20,426,658	$ 21,046,935	$ 20,507,262	$ 19,282,350

E. Bulk and IBNR Losses and LAE

(1)	Direct	$ 17,584,565
(2)	Assumed	$ 27,213,193
(3)	Net of Ceded Reisurance	$ 15,484,500

F. Case, Bulk and IBNR LAE

(1)	Direct	$ 8,341,664
(2)	Assumed	$ -
(3)	Net of Ceded Reisurance	$ 7,022,430

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.

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 [ ] N/A [ ]

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:

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2011

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2006

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). 03/29/2008

3.4 By what department or departments?
OH

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [ ] No [ ] N/A [X]

3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [ ] No [ ] N/A [X]

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? Yes [ ] No [X]

6.2 If yes, give full information:

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [ ] No [X]

7.2 If yes,
7.21 State the percentage of foreign control; %
7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [ ] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [X] No [ ]

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
Nationwide Asset Management, LLC	Columbus, Ohio	NO	NO	NO	NO	YES
Nationwide Bank	Columbus, Ohio	NO	YES	NO	NO	NO
Nationwide Corporation	Columbus, Ohio	YES	NO	NO	NO	NO
Nationwide Financial Services, Inc.	Columbus, Ohio	YES	NO	NO	NO	NO
Nationwide Fund Advisors	King of Prussia, PA	NO	NO	NO	NO	YES
Nationwide Fund Distributors, LLC	King of Prussia, PA	NO	NO	NO	NO	YES
Nationwide Investment Advisors, LLC	Columbus, Ohio	NO	NO	NO	NO	YES
Nationwide Investment Services Corp.	Columbus, Ohio	NO	NO	NO	NO	YES
Nationwide Mutual Fire Insurance Company	Columbus, Ohio	YES	NO	NO	NO	NO
Nationwide Mutual Insurance Company	Columbus, Ohio	YES	NO	NO	NO	NO
Nationwide SA Capital Trust	King of Prussia, PA	NO	NO	NO	NO	YES
Nationwide Securities, LLC	Dublin, Ohio	NO	NO	NO	NO	YES

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
KPMG LLP, 191 W.Nationwide Blvd., Suite 500, Columbus, OH 43215

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [ ] No [X]

10.2 If the response to 10.1 is yes, provide information related to this exemption:

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [ ] No [X]

10.4 If the response to 10.3 is yes, provide information related to this exemption:

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [ ] N/A [ ]

10.6 If the response to 10.5 is no or n/a, please explain

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Leslie R. Marlo, FCAS, MAAA, KPMG LLP, 100 Matsonford Road, Radnor, PA 19087, Managing Director

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [X] No [ ]

12.11 Name of real estate holding company Nationwide Realty Investors / NW REI, LLC

12.12 Number of parcels involved 556

12.13 Total book/adjusted carrying value $ 424,466,418

12.2 If, yes provide explanation:
Nationwide Mutual owns 95% of Nationwide Realty Investors and 100% of NW REI, LLC, both real estate holding companies that invest in individual properties.

13. **FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [ ]

13.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ]

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [ ]

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]

(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
(c) Compliance with applicable governmental laws, rules and regulations;
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
(e) Accountability for adherence to the code.

14.11 If the response to 14.1 is No, please explain:

14.2 Has the code of ethics for senior managers been amended? Yes [ ] No [X]

14.21 If the response to 14.2 is yes, provide information related to amendment(s).

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [X]

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

GENERAL INTERROGATORIES

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance with a NAIC rating of 3 or below? Yes [ ] No [X]

15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount

BOARD OF DIRECTORS

16. 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 [ ]

17. 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 [ ]

18. 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 that is in conflict with the official duties of such person? Yes [X] No [ ]

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [X]

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers $ 513,518
- 20.12 To stockholders not officers $
- 20.13 Trustees, supreme or grand (Fraternal Only) $

20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers $
- 20.22 To stockholders not officers $
- 20.23 Trustees, supreme or grand (Fraternal Only) $

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [X]

21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others $
- 21.22 Borrowed from others $
- 21.23 Leased from others $
- 21.24 Other $

22.1 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]

22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment $
- 22.22 Amount paid as expenses $
- 22.23 Other amounts paid $

23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No [ ]

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: $

INVESTMENT

24.1 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? (other than securities lending programs addressed in 24.3) Yes [ ] No [X]

24.2 If no, give full and complete information relating thereto
Held on Deposit with States and four bonds that were received as part of a tax credit purchases that we are restricted to selling for 7 years after the purchase date. After the 7 years we can force the issuer of the tax credits to buy back the bond.

24.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
Nationwide utilizes a third party to administer its Securities Lending program. Securities are loaned to approved counterparties, who in turn post cash collatteral to Nationwide. The amount of cash collateral received is calculated as a percentage of the market value of the security being lent. The cash is subsequently reinvested based upon a Nationwide approved Investment Policy. The collateral received by Nationwide and the corresponding payable to the counterparties are recorded on balance sheet. Additionally, Nationwide participates in a Cash Release Program. Nationwide can borrow a limited amount of cash from the program subject to the underwriting of the plan administrator. Nationwide pays 1 month LIBOR on the borrowings, a majority of which comes back to Nationwide as earnings on the securities lending program. As of December 31, 2011, Nationwide had loaned $79,047,691 to approved counterparties and received collateral amounts of $81,208,594

24.4 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [X] No [ ] N/A [ ]

24.5 If answer to 24.4 is yes, report amount of collateral for conforming programs. $ 72,541,897

24.6 If answer to 24.4 is no, report amount of collateral for other programs. $

24.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [X] No [ ] N/A [ ]

24.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [X] No [ ] N/A [ ]

24.9 Does the reporting entity or the reporting entity 's securities lending agent utilize the Master Securities lending Agreement (MSLA) to conduct securities lending? Yes [X] No [ ] N/A [ ]

GENERAL INTERROGATORIES

25.1 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, 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 21.1 and 24.3). Yes [X] No [ ]

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

25.21	Subject to repurchase agreements	$
25.22	Subject to reverse repurchase agreements	$
25.23	Subject to dollar repurchase agreements	$
25.24	Subject to reverse dollar repurchase agreements	$
25.25	Pledged as collateral	$
25.26	Placed under option agreements	$
25.27	Letter stock or other securities restricted as to sale	$ 4,747,953
25.28	On deposit with state or other regulatory body	$ 71,101,309
25.29	Other	$

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
Sale of security is restricted for 7 years from the date of the purchase	Massachusetts Dev Fin -three charter schools and New Jersey Econ-the Leaguers	4,747,953

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

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

27.1 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]

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

28. Excluding items in Schedule E - Part 3 - Special Deposits, 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 Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]

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

1 Name of Custodian(s)	2 Custodian's Address
The Bank of New York Mellon	1 Wall Street, New York, NY 10286
Royal Trust	77 King St. West, 10th Flr., Toronto, ON M5W 1p9

28.02 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)

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [ ] No [X]

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

28.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/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	Members of the investment staff designated by the Chief Investment Officer as detailed in the Corporate Resolution	One Nationwide Plaza, Columbus, OH 43215

GENERAL INTERROGATORIES

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5(b)(1)])? Yes [X] No [ ]

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
63867N-17-4	Nationwide Destination 2055 Fund	912,664
63867N-23-2	Nationwide US Small Cap Value Fund	44,916
63867N-27-3	Nationwide International Value Fund	21,263
63868M-44-9	NVIT Income Bond Fund	1,041,928
29.2999 - Total		2,020,771

29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
Nationwide Destination 2055 Fund	Nationwide S&P 500 IDX	264,581	12/30/2011
	Nationwide Intl Index Fund	237,840	12/30/2011
	Nationwide Alt Allocations	165,010	12/30/2011
	Nationwide Mut Fds Mew Mid Cap	118,373	12/30/2011
	Nationwide Mut Fds New Small Cap	118,007	12/30/2011
Nationwide US Small Cap Value Fund	Smithfield Foods Inc.	467	12/30/2011
	Gamestop Corp	440	12/30/2011
	Gannett Co	418	12/30/2011
	Tesoro Corp	391	12/30/2011
	Ingram Micro Inc Class A	386	12/30/2011
Nationwide International Value Fund	BP ord	1,546	12/30/2011
	Novartis AG	1,469	12/30/2011
	Nestle Sa	1,293	12/30/2011
	Imperial Tobacco	1,182	12/30/2011
	Vodafone Group	1,142	12/30/2011
NVIT Income Bond Fund	Nationwide Var Ins Tr NVIT short term bond fund	327,791	12/30/2011
	Nationwide Var INS TR NVIT IDX	314,662	12/30/2011
	Nationwide Var Ins TR NVIT Core Bond FD	289,864	12/30/2011
	Vanguard Bond Index Fund Inc Short-term Bond	109,611	12/30/2011

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	8,604,714,622	9,307,832,653	703,118,031
30.2 Preferred stocks	2,962,855	2,962,915	60
30.3 Totals	8,607,677,477	9,310,795,568	703,118,091

30.4 Describe the sources or methods utilized in determining the fair values:

For fixed maturity and marketable equity securities for which market quotations generally are available, Nationwide generally uses independent pricing services to assist in determining the fair value measurement. For certain fixed maturity securities not priced by independent services (generally private placement securities without quoted market prices), an internally developed pricing model or corporate pricing matrix is most often used. The corporate pricing matrix is developed by obtaining private spreads versus the U.S. Treasury yield for corporate securities with varying weighted average lives and bond ratings. The weighted average life and bond rating of a particular fixed maturity security to be priced using the corporate matrix are important inputs into the model and are used to determine a corresponding spread that is added to the U.S. Treasury yield to create an estimated market yield for that bond. The estimated market yield and other relevant factors are then used to estimate the fair value of the particular fixed maturity security. Nationwide also utilized broker quotes to assist in pricing securities or to validate modeled prices.

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [X] No [ ]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [ ] No [X]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

Nationwide relies on broker valuations only when an approved third party vendor evaluation is not available. Any exceptions are approved by Risk Management and the Middle Office and reviewed by the Investments Pricing Committee. The brokers used to value securities are deemed to be main market makers for each individual security and therefore have in depth knowledge of the particular issue.

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No [ ]

32.2 If no, list exceptions:

GENERAL INTERROGATORIES

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $ 26,324,675

33.2 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

34.1 Amount of payments for legal expenses, if any? $ 26,497,980

34.2 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

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $ 3,471,716

35.2 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

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [ ] No [X]

1.2 If yes, indicate premium earned on U. S. business only. $

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? $

1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. $

1.5 Indicate total incurred claims on all Medicare Supplement Insurance. $

1.6 Individual policies:

Most current three years:
1.61 Total premium earned $
1.62 Total incurred claims $
1.63 Number of covered lives

All years prior to most current three years
1.64 Total premium earned $
1.65 Total incurred claims $
1.66 Number of covered lives

1.7 Group policies:

Most current three years:
1.71 Total premium earned $
1.72 Total incurred claims $
1.73 Number of covered lives

All years prior to most current three years
1.74 Total premium earned $
1.75 Total incurred claims $
1.76 Number of covered lives

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator		
2.2	Premium Denominator	11,910,267,565	12,084,628,674
2.3	Premium Ratio (2.1/2.2)	0.000	0.000
2.4	Reserve Numerator	4,631,826	4,628,601
2.5	Reserve Denominator	13,315,454,135	13,466,925,879
2.6	Reserve Ratio (2.4/2.5)	0.000	0.000

3.1 Does the reporting entity issue both participating and non-participating policies? Yes [ ] No [X]

3.2 If yes, state the amount of calendar year premiums written on:

3.21 Participating policies $
3.22 Non-participating policies $

4. For mutual reporting Entities and Reciprocal Exchanges Only:
4.1 Does the reporting entity issue assessable policies? Yes [ ] No [X]
4.2 Does the reporting entity issue non-assessable policies? Yes [X] No [ ]
4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? %
4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. $

5. For Reciprocal Exchanges Only:
5.1 Does the Exchange appoint local agents? Yes [ ] No [ ]
5.2 If yes, is the commission paid:

5.21 Out of Attorney's-in-fact compensation Yes [ ] No [ ] N/A [ ]
5.22 As a direct expense of the exchange Yes [ ] No [ ] N/A [ ]

5.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?

5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes [ ] No [ ]

5.5 If yes, give full information

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

6.1 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?
The Company's net exposure arises from its participation in the Nationwide Mutual Insurance Company Pool. Exposure of the Pooled Companies to a Workers' Compensation catastrophe is protected by a Liability Excess of Loss (Clash) treaty providing $90M limit excess of $10M per occurrence retention and containing a $10M per claimant limit.

6.2 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 Company's net exposure arises from its participation in the Nationwide Mututal Insurance Company Pool. Catastrophic risk to the Pool arises primarily from windstorm events in the southeastern United States affecting personal and commercial lines. The Company's property exposures are aggregated with the other Nationwide companies and modeled using Applied Insurance Research (AIR) CLASIC/2.

6.3 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?
The Company's net property-catastrophe exposures, if any, are mitigated through managed coastal growth, purchase of excess of loss reinsurance, policy provisions such as higher deductibles, and enforcement of underwriting guidelines related to building construction, etc.

6.4 Does the reporting entity carry catastrophe reinsurance protection 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 [ ]

6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss.

7.1 Has this reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that 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 provisions)? Yes [ ] No [X]

7.2 If yes, indicate the number of reinsurance contracts containing such provisions:

7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [ ] No [ ]

8.1 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 this risk, or portion thereof, reinsured? Yes [ ] No [X]

8.2 If yes, give full information

9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
(c) Aggregate stop loss reinsurance coverage;
(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes [ ] No [X]

9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [ ] No [X]

9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.

9.4 Except for transactions meeting the requirements of paragraph 32 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [ ] No [X]

9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.

9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
(a) The entity does not utilize reinsurance; or, Yes [ ] No [X]
(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [ ] No [X]
(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [ ] No [X]

10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [X] No [ ] N/A [ ]

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force? Yes [ ] No [X]

11.2 If yes, give full information

12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.11 Unpaid losses $

12.12 Unpaid underwriting expenses (including loss adjustment expenses) $

12.2 Of the amount on Line 15.3, Page 2, state the amount which is secured by letters of credit, collateral, and other funds $

12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [ ] No [X] N/A [ ]

12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:

12.41 From %

12.42 To %

12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a 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 [ ]

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

12.61 Letters of credit $ 4,952,758

12.62 Collateral and other funds $

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ 16,740,000

13.2 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]

13.3 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 the amount. 3

14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes [X] No [ ]

14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
Companies that are not part of the Nationwide Mutual Insurance Company Pooling and Quota Share Arrangements receive a fair and equitable allocation of ceded premium and loss. The terms of the Nationwide Pooling and Quota Sharing Agreements govern the allocation and recording of ceded premium and loss for the participating companies.

14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [ ] No [X]

14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes [ ] No [X]

14.5 If the answer to 14.4 is no, please explain:
Written agreements are in place for all multi-cedent reinsurance treaties that cover any company that does not participate in the Nationwide Mutual Insurance Company Pooling and Quota Sharing Arrangements.

15.1 Has the reporting entity guaranteed any financed premium accounts? Yes [ ] No [X]

15.2 If yes, give full information

16.1 Does the reporting entity write any warranty business? Yes [ ] No [X]
If yes, disclose the following information for each of the following types of warranty coverage:

	1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
16.11 Home					
16.12 Products					
16.13 Automobile					
16.14 Other*					

* Disclose type of coverage:

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F - Part 3 that it excludes from Schedule F - Part 5? Yes [ ] No [X]

Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F - Part 5. Provide the following information for this exemption:

17.11 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5 $

17.12 Unfunded portion of Interrogatory 17.11 $

17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11 $

17.14 Case reserves portion of Interrogatory 17.11 $

17.15 Incurred but not reported portion of Interrogatory 17.11 $

17.16 Unearned premium portion of Interrogatory 17.11 $

17.17 Contingent commission portion of Interrogatory 17.11 $

Provide the following information for all other amounts included in Schedule F - P art 3 and excluded from Schedule F - Part 5, not included above.

17.18 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5 $

17.19 Unfunded portion of Interrogatory 17.18 $

17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18 $

17.21 Case reserves portion of Interrogatory 17.18 $

17.22 Incurred but not reported portion of Interrogatory 17.18 $

17.23 Unearned premium portion of Interrogatory 17.18 $

17.24 Contingent commission portion of Interrogatory 17.18 $

18.1 Do you act as a custodian for health savings accounts? Yes [ ] No [X]

18.2 If yes, please provide the amount of custodial funds held as of the reporting date. $

18.3 Do you act as an administrator for health savings accounts? Yes [ ] No [X]

18.4 If yes, please provide the balance of funds administered as of the reporting date. $

FIVE-YEAR HISTORICAL DATA

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

		1 2011	2 2010	3 2009	4 2008	5 2007
	Gross Premiums Written (Page 8, Part 1B Cols. 1, 2 & 3)					
1.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	6,909,163,105	6,882,946,128	7,092,725,401	7,355,186,898	7,568,758,716
2.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	3,550,421,007	3,585,375,407	3,683,277,744	3,858,811,210	3,834,455,890
3.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	4,534,899,488	4,469,481,132	4,490,702,902	4,627,355,712	4,652,252,285
4.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	320,112,401	292,987,071	245,198,654	299,600,500	406,531,281
5.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	4,033	72,533	111,242	6,326	186,545
6.	Total (Line 35)	15,314,600,034	15,230,862,271	15,512,015,943	16,140,960,646	16,462,184,717
	Net Premiums Written (Page 8, Part 1B, Col. 6)					
7.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	5,247,681,976	5,273,508,170	5,453,286,380	5,680,086,505	5,825,033,497
8.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	2,899,302,737	2,929,480,911	3,013,806,722	3,174,162,607	3,149,858,099
9.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	3,604,513,703	3,541,399,045	3,566,171,006	3,715,570,468	3,775,450,873
10.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	226,630,718	215,761,891	180,406,930	213,240,154	302,338,629
11.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	1,066	60,136	25,832	109,156	127,194
12.	Total (Line 35)	11,978,130,200	11,960,210,153	12,213,696,870	12,783,168,890	13,052,808,292
	Statement of Income (Page 4)					
13	Net underwriting gain (loss) (Line 8)	(1,304,291,678)	(130,268,161)	(488,304,040)	(891,799,271)	221,634,722
14.	Net investment gain or (loss) (Line 11)	145,243,877	398,612,659	256,084,884	1,033,213,310	774,545,279
15.	Total other income (Line 15)	150,600,593	140,333,441	115,593,650	150,435,251	161,899,161
16.	Dividends to policyholders (Line 17)	6,423,094	5,449,530	4,402,033	10,446,980	7,789,473
17.	Federal and foreign income taxes incurred (Line 19)	(104,762,611)	(21,616,615)	(176,262,362)	(274,683,805)	336,879,218
18.	Net income (Line 20)	(910,107,691)	424,845,024	55,234,823	556,086,115	813,410,471
	Balance Sheet Lines (Pages 2 and 3)					
19.	Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	27,617,831,419	28,204,640,921	27,261,995,134	28,835,947,443	29,520,738,919
20.	Premiums and considerations (Page 2, Col. 3)					
	20.1 In course of collection (Line 15.1)	599,129,296	1,520,876,979	1,495,677,787	1,533,587,000	1,196,783,580
	20.2 Deferred and not yet due (Line 15.2)	2,244,251,104	2,017,093,666	2,125,888,085	2,219,344,610	2,119,704,503
	20.3 Accrued retrospective premiums (Line 15.3)					
21.	Total liabilities excluding protected cell business (Page 3, Line 26)	17,182,942,679	17,618,496,282	17,786,951,724	17,956,216,734	18,159,281,872
22.	Losses (Page 3, Line 1)	6,503,552,415	6,777,680,705	7,068,375,813	6,978,125,443	6,401,662,022
23.	Loss adjustment expenses (Page 3, Line 3)	1,399,969,070	1,419,647,911	1,493,714,925	1,500,405,910	1,461,450,073
24.	Unearned premiums (Page 3, Line 9)	4,701,223,633	4,633,460,895	4,757,790,998	4,913,474,951	4,886,128,637
25.	Capital paid up (Page 3, Lines 30 & 31)					
26.	Surplus as regards policyholders (Page 3, Line 37)	10,434,888,740	10,586,144,639	9,475,043,410	10,879,730,709	11,361,457,047
	Cash Flow (Page 5)					
27.	Net cash from operations (Line 11)	(249,989,562)	367,758,253	327,637,793	648,893,622	520,067,010
	Risk-Based Capital Analysis					
28.	Total adjusted capital	10,434,888,740	10,586,144,639	9,474,377,493	10,879,730,709	11,361,457,047
29.	Authorized control level risk-based capital	1,890,943,809	1,843,237,312	1,917,861,090	1,898,766,894	2,105,694,874
	Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Line divided by Page 2, Line 12, Col. 3) x100.0					
30.	Bonds (Line 1)	39.3	44.8	44.2	38.3	47.1
31.	Stocks (Lines 2.1 & 2.2)	32.9	30.8	29.8	29.2	35.4
32.	Mortgage loans on real estate (Lines 3.1 and 3.2)	2.5	2.9	3.4	3.3	3.5
33.	Real estate (Lines 4.1, 4.2 & 4.3)	2.8	2.3	2.5	2.4	2.2
34.	Cash, cash equivalents and short-term investments (Line 5)	1.9	1.2	4.5	10.8	0.3
35.	Contract loans (Line 6)					
36.	Derivatives (Line 7)	0.5	0.6	XXX	XXX	XXX
37.	Other invested assets (Line 8)	14.7	11.3	10.2	11.1	11.2
38.	Receivables for securities (Line 9)	0.0	0.0	0.1	0.0	0.0
39.	Securities lending reinvested collateral assets (Line 10)	0.3	1.2	XXX	XXX	XXX
40.	Aggregate write-ins for invested assets (Line 11)	5.0	4.7	5.3	4.9	0.3
41.	Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
	Investments in Parent, Subsidiaries and Affiliates					
42.	Affiliated bonds (Schedule D, Summary, Line 12, Col. 1)					
43.	Affiliated preferred stocks (Schedule D, Summary, Line 18, Col. 1)	2,680,000	3,020,000	2,960,000	2,900,000	2,840,000
44.	Affiliated common stocks (Schedule D, Summary, Line 24, Col. 1)	6,957,505,044	6,835,815,813	6,070,130,969	6,216,216,504	5,901,125,025
45.	Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
46.	Affiliated mortgage loans on real estate					
47.	All other affiliated	1,240,484,759	874,994,569	1,177,563,995	1,593,166,373	1,494,359,880
48.	Total of above Lines 42 to 47	8,200,669,803	7,713,830,382	7,250,654,964	7,812,282,877	7,398,324,905
49.	Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)	78.6	72.9	76.5	71.8	65.1

FIVE-YEAR HISTORICAL DATA

(Continued)

		1 2011	2 2010	3 2009	4 2008	5 2007
	Capital and Surplus Accounts (Page 4)					
50.	Net unrealized capital gains (losses) (Line 24)	173,056,813	742,307,771	(1,450,435,784)	(1,208,498,430)	(451,771,316)
51.	Dividends to stockholders (Line 35)					
52.	Change in surplus as regards policyholders for the year (Line 38)	(151,255,899)	1,111,101,230	(1,404,687,299)	(481,726,338)	555,494,751
	Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
53.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	4,170,436,387	4,140,555,554	4,183,222,998	4,088,779,632	3,985,012,450
54.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	2,202,317,335	1,995,862,757	2,069,772,026	2,152,760,795	2,014,458,244
55.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	3,564,102,884	2,743,482,249	2,868,563,711	3,033,413,224	2,255,275,891
56.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	240,388,958	247,403,131	203,840,106	227,255,556	289,234,974
57.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	4,078,629	17,664,659	15,389,036	12,340,665	6,972,775
58.	Total (Line 35)	10,181,324,193	9,144,968,350	9,340,787,877	9,514,549,872	8,550,954,334
	Net Losses Paid (Page 9, Part 2, Col. 4)					
59.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	3,166,764,710	3,130,999,024	3,192,248,451	3,106,373,111	3,015,468,486
60.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,805,334,701	1,642,169,234	1,709,630,820	1,774,854,078	1,655,320,286
61.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	2,950,557,391	2,269,262,564	2,376,746,574	2,511,670,944	1,863,714,436
62.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	166,596,323	177,018,546	142,383,960	161,330,336	242,640,112
63.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	(1)	10,410,275	9,764,862	11,710,116	6,434,443
64.	Total (Line 35)	8,089,253,124	7,229,859,643	7,430,774,667	7,565,938,585	6,783,577,763
	Operating Percentages (Page 4) (Line divided by Page 4, Line 1) x 100.0					
65.	Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
66.	Losses incurred (Line 2)	65.6	57.4	60.8	63.8	53.7
67.	Loss expenses incurred (Line 3)	11.3	10.3	10.6	10.9	10.6
68.	Other underwriting expenses incurred (Line 4)	34.0	33.3	32.6	32.3	34.0
69.	Net underwriting gain (loss) (Line 8)	(11.0)	(1.1)	(3.9)	(7.0)	1.7
	Other Percentages					
70.	Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	32.6	32.5	32.1	31.0	32.6
71.	Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	76.9	67.8	71.4	74.7	64.3
72.	Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)	114.8	113.0	128.9	117.5	114.9
	One Year Loss Development (000 omitted)					
73.	Development in estimated losses and loss expenses incurred prior to current year (Schedule P - Part 2 - Summary, Line 12, Col. 11)	(348,668)	(452,801)	(113,808)	68,959	(81,222)
74.	Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 73 above divided by Page 4, Line 21, Col. 1 x 100.0)	(3.3)	(4.8)	(1.0)	0.6	(0.8)
	Two Year Loss Development (000 omitted)					
75.	Development in estimated losses and loss expenses incurred two years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12)	(688,037)	(328,234)	(107,086)	(14,296)	(330,882)
76.	Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 75 above divided by Page 4, Line 21, Col. 2 x 100.0)	(7.3)	(3.0)	(0.9)	(0.1)	(4.0)

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes [ ] No [ ]

If no, please explain:

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 1 Direct and Assumed	2 Ceded	3 Net (1 - 2)	Loss and Loss Expense Payments: Loss Payments 4 Direct and Assumed	5 Ceded	Defense and Cost Containment Payments 6 Direct and Assumed	7 Ceded	Adjusting and Other Payments 8 Direct and Assumed	9 Ceded	10 Salvage and Subrogation Received	11 Total Net Paid Cols (4 - 5 + 6 - 7 + 8 - 9)	12 Number of Claims Reported Direct and Assumed
1. Prior	XXX	XXX	XXX	104,897	27,270	16,351	7,497	3,655	1,248	3,016	88,888	XXX
2. 2002	10,145,483	917,889	9,227,595	5,971,717	372,803	348,439	51,641	760,560	8,409	307,530	6,647,862	XXX
3. 2003	11,274,763	492,415	10,782,348	6,183,714	440,190	325,632	30,453	831,821	4,412	323,835	6,866,112	XXX
4. 2004	12,044,239	699,306	11,344,933	6,465,474	559,059	319,172	33,496	881,541	3,270	327,374	7,070,362	XXX
5. 2005	12,716,093	595,555	12,120,539	7,041,838	743,985	366,025	36,807	959,398	18,151	345,951	7,568,319	XXX
6. 2006	13,884,040	1,049,485	12,834,555	6,865,459	442,198	345,284	31,652	1,264,690	22,464	361,627	7,979,119	XXX
7. 2007	13,938,266	941,641	12,996,625	7,065,212	444,102	318,720	21,724	695,956	9,015	430,837	7,605,046	XXX
8. 2008	13,984,688	1,228,865	12,755,823	7,991,492	485,326	275,241	16,516	1,014,486	16,243	385,781	8,763,134	XXX
9. 2009	13,476,200	1,106,966	12,369,235	6,967,394	428,067	191,682	14,904	906,597	24,267	364,320	7,598,435	XXX
10. 2010	13,212,334	1,127,706	12,084,629	6,304,395	385,051	109,554	7,747	892,293	30,153	363,308	6,883,291	XXX
11. 2011	13,147,030	1,236,762	11,910,268	5,587,538	335,753	44,694	2,563	826,164	24,599	267,221	6,095,481	XXX
12. Totals	XXX	XXX	XXX	66,549,129	4,663,804	2,660,794	255,000	9,037,162	162,231	3,480,801	73,166,050	XXX

	Losses Unpaid: Case Basis 13 Direct and Assumed	14 Ceded	Bulk + IBNR 15 Direct and Assumed	16 Ceded	Defense and Cost Containment Unpaid: Case Basis 17 Direct and Assumed	18 Ceded	Bulk + IBNR 19 Direct and Assumed	20 Ceded	Adjusting and Other Unpaid 21 Direct and Assumed	22 Ceded	23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
1. Prior	689,977	356,504	235,338	150,788	27,121	16,186	55,799	22,656	5,573	335	6,254	467,339	XXX
2. 2002	61,317	40,293	10,993	2,763	2,457	703	7,951	1,370	1,371	226	1,039	38,733	XXX
3. 2003	44,753	20,965	19,457	9,492	3,621	391	11,089	948	1,792	107	1,929	48,808	XXX
4. 2004	112,128	70,508	30,279	16,555	7,473	3,870	13,720	1,560	2,734	154	2,310	73,687	XXX
5. 2005	96,187	33,339	43,071	18,201	8,551	2,551	25,991	1,175	5,238	124	3,963	123,650	XXX
6. 2006	129,733	34,007	63,506	24,459	10,641	1,348	40,674	2,384	6,292	325	5,981	188,323	XXX
7. 2007	288,085	46,828	88,420	29,185	16,863	2,491	69,179	4,578	7,920	756	9,889	386,629	XXX
8. 2008	403,944	46,795	138,267	38,987	24,927	4,855	106,283	4,978	26,764	1,255	15,829	603,315	XXX
9. 2009	650,094	49,509	240,060	62,417	34,333	6,080	170,202	9,945	23,870	2,499	29,955	988,110	XXX
10. 2010	1,015,327	73,635	447,871	90,443	38,769	7,941	257,304	20,018	44,790	4,725	51,438	1,607,299	XXX
11. 2011	1,902,534	128,066	1,386,150	250,200	31,146	8,046	343,608	31,606	142,606	10,502	177,189	3,377,626	XXX
12. Totals	5,394,080	900,449	2,703,412	693,491	205,902	54,461	1,101,802	101,218	268,950	21,007	305,775	7,903,521	XXX

	Total Losses and Loss Expenses Incurred 26 Direct and Assumed	27 Ceded	28 Net	Loss and Loss Expense Percentage (Incurred /Premiums Earned) 29 Direct and Assumed	30 Ceded	31 Net	Nontabular Discount 32 Loss	33 Loss Expense	34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount 35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX			XXX	418,023	49,316
2. 2002	7,164,803	478,208	6,686,596	70.6	52.1	72.5			83.7	29,253	9,480
3. 2003	7,421,880	506,960	6,914,920	65.8	103.0	64.1			83.7	33,752	15,056
4. 2004	7,832,520	688,471	7,144,049	65.0	98.5	63.0			83.7	55,343	18,344
5. 2005	8,546,301	854,332	7,691,969	67.2	143.5	63.5			83.7	87,719	35,931
6. 2006	8,726,279	558,837	8,167,442	62.9	53.2	63.6			83.7	134,772	53,551
7. 2007	8,550,355	558,680	7,991,676	61.3	59.3	61.5			83.7	300,492	86,137
8. 2008	9,981,403	614,954	9,366,449	71.4	50.0	73.4			83.7	456,429	146,886
9. 2009	9,184,234	597,688	8,586,546	68.2	54.0	69.4			83.7	778,229	209,882
10. 2010	9,110,302	619,713	8,490,590	69.0	55.0	70.3			83.7	1,299,120	308,179
11. 2011	10,264,442	791,334	9,473,108	78.1	64.0	79.5			83.7	2,910,419	467,207
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX			XXX	6,503,552	1,399,969

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

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END ($000 OMITTED) 1 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011	DEVELOPMENT 11 One Year	12 Two Year
1. Prior	3,285,875	3,410,600	3,524,213	3,637,263	3,587,121	3,623,562	3,685,809	3,714,597	3,739,139	3,746,374	7,235	31,777
2. 2002	5,972,319	5,928,093	5,976,443	5,980,533	5,956,761	5,944,897	5,938,278	5,932,815	5,924,491	5,933,300	8,808	485
3. 2003	XXX	6,341,971	6,172,137	6,162,098	6,115,388	6,101,180	6,097,493	6,090,287	6,090,476	6,085,835	(4,642)	(4,453)
4. 2004	XXX	XXX	6,473,471	6,413,553	6,339,425	6,341,557	6,309,336	6,284,525	6,269,843	6,263,201	(6,642)	(21,325)
5. 2005	XXX	XXX	XXX	6,943,086	6,791,488	6,794,457	6,798,872	6,770,778	6,758,415	6,745,659	(12,756)	(25,119)
6. 2006	XXX	XXX	XXX	XXX	7,073,917	7,017,149	7,020,017	6,984,007	6,944,226	6,919,259	(24,967)	(64,748)
7. 2007	XXX	XXX	XXX	XXX	XXX	7,465,502	7,507,457	7,404,207	7,339,228	7,297,571	(41,657)	(106,636)
8. 2008	XXX	XXX	XXX	XXX	XXX	XXX	8,456,304	8,518,540	8,419,513	8,342,704	(76,808)	(175,836)
9. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	8,005,030	7,766,655	7,682,848	(83,808)	(322,183)
10. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	7,701,817	7,588,385	(113,432)	XXX
11. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	8,539,439	XXX	XXX
12. Totals											(348,668)	(688,037)

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) 1 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011	11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
1. Prior	000	1,302,260	2,048,337	2,483,888	2,716,385	2,912,724	2,994,335	3,124,176	3,197,355	3,283,836	XXX	XXX
2. 2002	3,485,702	4,651,574	5,185,129	5,501,019	5,686,662	5,782,591	5,833,137	5,866,513	5,882,927	5,895,712	XXX	XXX
3. 2003	XXX	3,591,356	4,832,488	5,316,455	5,650,653	5,839,750	5,938,248	5,986,874	6,019,722	6,038,703	XXX	XXX
4. 2004	XXX	XXX	3,611,387	4,942,134	5,466,912	5,819,707	6,005,531	6,110,435	6,164,597	6,192,091	XXX	XXX
5. 2005	XXX	XXX	XXX	3,788,748	5,172,434	5,842,367	6,228,643	6,455,542	6,576,735	6,627,072	XXX	XXX
6. 2006	XXX	XXX	XXX	XXX	3,880,331	5,398,637	6,016,739	6,396,915	6,621,094	6,736,893	XXX	XXX
7. 2007	XXX	XXX	XXX	XXX	XXX	4,100,337	5,687,570	6,286,051	6,684,713	6,918,106	XXX	XXX
8. 2008	XXX	XXX	XXX	XXX	XXX	XXX	4,925,220	6,692,479	7,331,730	7,764,890	XXX	XXX
9. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,501,817	6,063,960	6,716,105	XXX	XXX
10. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,475,772	6,021,151	XXX	XXX
11. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,293,916	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 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011
1. Prior	1,266,759	719,079	490,053	362,823	287,698	240,404	222,980	196,761	194,048	117,693
2. 2002	1,291,792	530,238	300,972	177,881	105,196	70,514	44,207	29,713	16,017	14,811
3. 2003	XXX	1,472,603	567,706	319,088	182,744	106,847	71,209	45,799	30,352	20,106
4. 2004	XXX	XXX	1,448,758	616,543	350,491	184,236	105,886	69,300	44,639	25,884
5. 2005	XXX	XXX	XXX	1,573,068	733,203	387,891	218,954	135,306	83,224	49,686
6. 2006	XXX	XXX	XXX	XXX	1,664,247	752,861	422,276	235,552	130,041	77,337
7. 2007	XXX	XXX	XXX	XXX	XXX	1,697,895	766,934	439,427	236,259	123,837
8. 2008	XXX	XXX	XXX	XXX	XXX	XXX	1,704,075	797,442	417,324	200,585
9. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,718,539	678,143	337,901
10. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,539,255	594,714
11. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,447,953

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

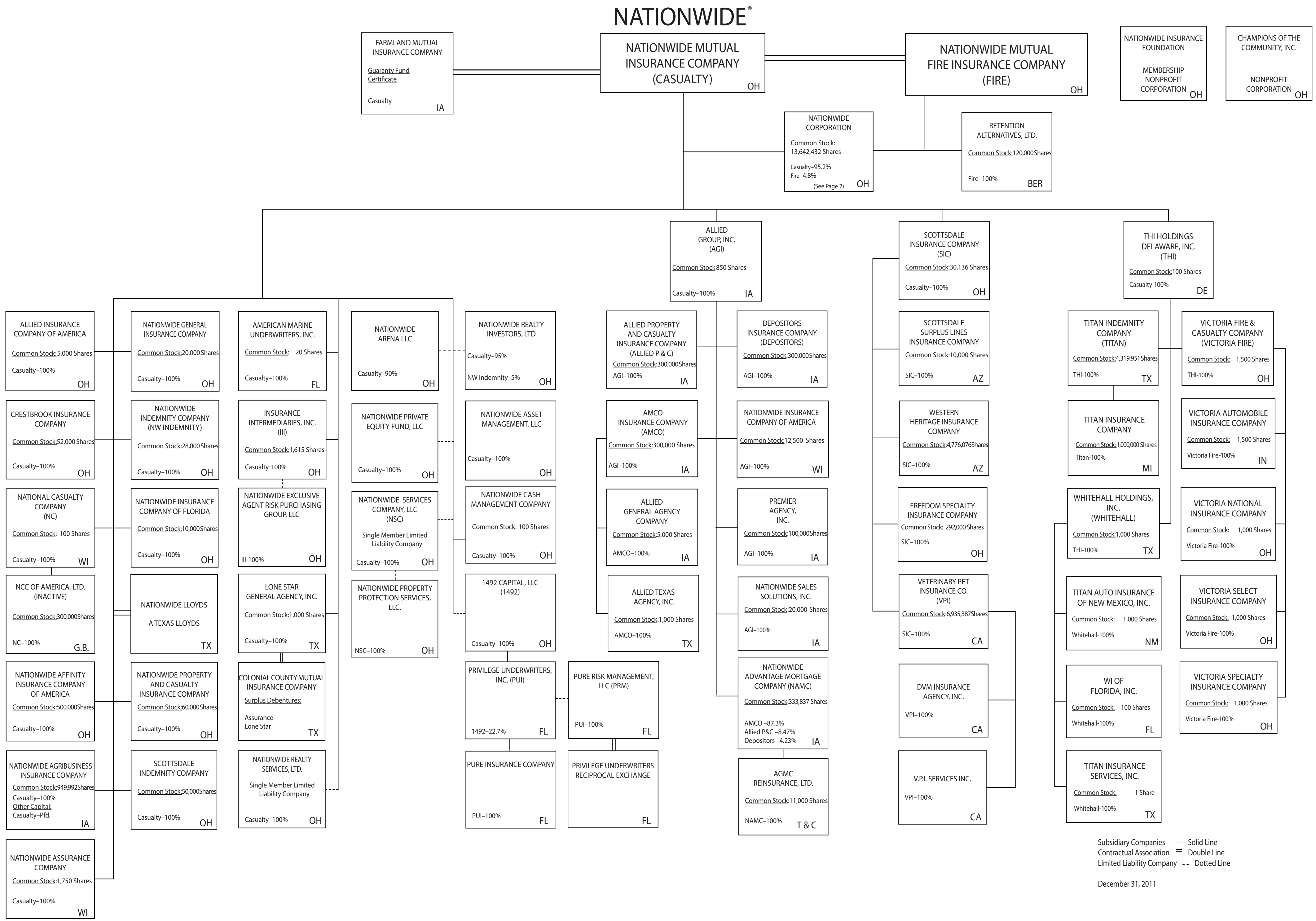
States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken 2 Direct Premiums Written	 3 Direct Premiums Earned	4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Included in Column 2)
1. Alabama AL	L	8,929,426	9,309,113	(821)	7,556,913	5,764,194	7,515,752	171,842	405,554
2. Alaska AK	L	177,073	170,799		106,853	97,606	16,972		167,994
3. Arizona AZ	L	14,772,666	14,670,519		12,021,300	11,005,158	19,574,077	(427)	429,920
4. Arkansas AR	L	60,312,311	61,699,934	1,754	38,745,402	38,574,352	18,336,945	969,127	133,845
5. California CA	L	263,046,331	258,841,278		123,600,853	102,555,577	165,602,295	47,459	3,829,159
6. Colorado CO	L	19,699,768	19,103,171		11,963,659	7,534,574	17,537,973	4,977	499,386
7. Connecticut CT	L	106,379,426	110,005,363	(2,959)	74,791,460	81,914,655	99,666,922	1,439,774	648,683
8. Delaware DE	L	84,875,239	83,838,438	13,513	50,616,949	54,246,098	48,250,485	978,747	99,878
9. District of Columbia DC	L	8,828,123	8,794,116	16,199	3,800,312	4,268,771	4,626,313	91,361	69,284
10. Florida FL	L	11,335,088	20,952,249	46,706	31,104,864	13,492,236	81,215,882	80,041	2,359,712
11. Georgia GA	L	10,314,076	10,379,717		9,363,891	6,395,195	9,691,545	37,772	731,433
12. Hawaii HI	L	239,944	223,732		106,073	111,513	47,792		215,641
13. Idaho ID	L	7,456,927	7,510,326		3,320,453	2,172,584	4,384,569	847	96,315
14. Illinois IL	L	20,102,376	20,195,632	124,465	12,126,381	9,847,017	17,913,737	126,733	1,435,330
15. Indiana IN	L	38,505,182	38,456,623	2,710	18,888,176	17,048,729	21,931,066	465,604	1,295,735
16. Iowa IA	L	100,075,175	99,545,059	901,068	69,148,554	71,617,204	57,077,806	2,845	216,834
17. Kansas KS	L	40,167,740	38,955,665	21,517	27,815,380	30,549,063	20,216,245	4,892	213,108
18. Kentucky KY	L	35,635,638	36,868,252	41,380	19,380,497	18,978,109	17,667,421	249,251	315,241
19. Louisiana LA	L	728,095	676,870		55,316	167,392	445,310		664,526
20. Maine ME	L	2,437,080	2,555,597		1,766,287	1,330,700	1,893,862	33,142	147,344
21. Maryland MD	L	181,786,524	187,488,656	144,588	103,613,149	95,808,945	119,670,426	1,709,153	694,160
22. Massachusetts MA	L	997,193	961,036		1,592,276	1,507,757	881,661		919,411
23. Michigan MI	L	4,764,078	4,940,784	(1,035)	3,189,750	(683,127)	21,357,570	20,401	559,232
24. Minnesota MN	L	16,397,704	15,943,594		12,734,384	8,618,590	12,036,714	3,637	390,965
25. Mississippi MS	L	39,340,108	40,619,930	10,841	20,843,831	14,899,014	19,196,854	398,492	243,143
26. Missouri MO	L	30,182,266	29,080,512	6,231	29,719,509	37,021,401	31,529,346	9,289	525,138
27. Montana MT	L	7,901,172	7,273,203		3,342,420	2,992,796	1,942,847		76,858
28. Nebraska NE	L	50,039,624	49,252,271	245,704	18,563,289	24,457,513	21,696,220	575	725,804
29. Nevada NV	L	13,817,069	13,822,975		11,395,294	10,713,012	15,708,561	(69)	296,644
30. New Hampshire NH	L	12,937,553	13,452,023	(642)	7,721,114	6,026,397	7,429,074	163,891	199,075
31. New Jersey NJ	L	1,985,867	1,898,424		1,468,612	1,543,466	42,644,508		1,427,512
32. New Mexico NM	L	6,324,064	6,873,267	6,398	3,737,822	4,947,776	6,937,665		178,265
33. New York NY	L	134,417,860	140,580,024	12,967	101,082,214	82,344,509	141,170,132	1,891,609	3,600,346
34. North Carolina NC	L	486,909,106	493,278,978	295,757	354,910,110	332,202,622	183,648,687	3,826,417	840,051
35. North Dakota ND	L	7,316,754	6,779,645	96,179	5,347,109	4,977,718	3,240,354		25,464
36. Ohio OH	L	359,816,883	371,551,568		195,526,874	189,170,221	114,791,953	4,500,603	897,129
37. Oklahoma OK	L	1,661,863	1,572,456		1,350,109	1,444,958	692,970	19,764	270,182
38. Oregon OR	L	14,564,066	14,927,932		8,419,071	8,386,541	8,318,640	(747)	437,483
39. Pennsylvania PA	L	308,846,989	319,302,652	176,549	192,454,562	114,277,251	418,471,170	4,018,849	1,559,374
40. Rhode Island RI	L	43,625,052	44,622,465		29,233,696	27,240,316	26,071,557	552,590	105,073
41. South Carolina SC	L	97,053,794	99,319,109	38,041	60,189,504	55,738,875	39,381,074	1,548,542	350,990
42. South Dakota SD	L	9,266,150	9,001,540	61,117	4,708,528	3,816,114	11,682,657		49,896
43. Tennessee TN	L	66,670,037	69,078,233	(884)	47,169,525	43,426,149	32,444,521	819,870	587,288
44. Texas TX	L	148,341,306	154,317,559		102,896,546	90,787,212	48,291,781	1,739,761	2,359,640
45. Utah UT	L	8,714,751	8,697,368		6,104,080	3,978,755	7,280,614	3,436	188,436
46. Vermont VT	L	15,240,541	15,458,988	(481)	7,517,272	6,302,559	5,931,995	241,525	107,191
47. Virginia VA	L	278,300,504	283,950,990	315,357	151,143,401	142,342,837	133,647,034	3,368,979	692,223
48. Washington WA	L	15,556,958	15,807,923		8,544,128	2,901,330	12,777,403	(853)	567,652
49. West Virginia WV	L	180,025,145	183,582,102		101,544,076	86,091,600	84,434,592	1,794,552	(203,975)
50. Wisconsin WI	L	16,150,195	15,197,605	493,416	8,587,712	10,652,146	22,120,158	1,471	656,512
51. Wyoming WY	L	15,119,251	14,776,479		9,665,776	9,326,712	6,741,640	270	(39,827)
52. American Samoa AS	N								
53. Guam GU	N								
54. Puerto Rico PR	N								
55. U.S. Virgin Islands VI	L						(13)		
56. Northern Mariana Islands MP	N								
57. Canada CN	N								
58. Aggregate other alien OT	XXX								
59. Totals	(a) 52	3,408,088,111	3,476,162,744	3,065,635	2,130,595,316	1,900,932,692	2,215,783,334	31,335,994	33,262,257
DETAILS OF WRITE-INS									
5801.	XXX								
5802.	XXX								
5803.	XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX								
5899. Totals (Lines 5801 through 5803 plus 5898)(Line 58 above)	XXX								

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

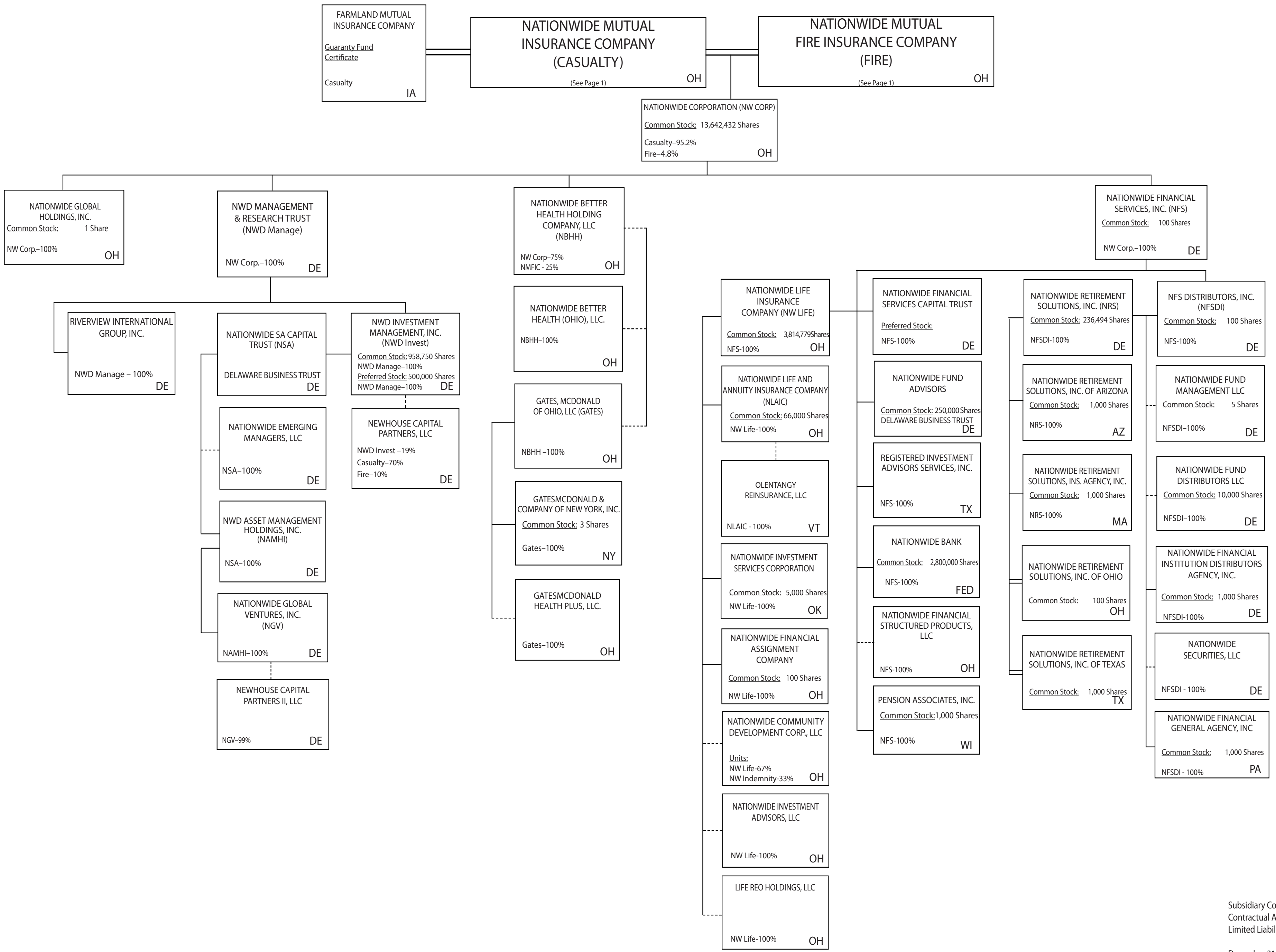
Explanation of basis of allocation of premiums by states, etc.

Premiums are allocated to those states where the insured risks are located: principle garage for automobile, physical address for homeowners, commercial multiple peril and other liability and main place of work for workers' compensation. Allocation of premiums for individual and group health insurance is based on the situs of the contract.

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


NATIONWIDE®
FARMLAND MUTUAL INSURANCE COMPANY Guaranty Fund Certificate Casualty IA
NATIONWIDE MUTUAL INSURANCE COMPANY (CASUALTY) OH
NATIONWIDE MUTUAL FIRE INSURANCE COMPANY (FIRE) OH
NATIONWIDE INSURANCE FOUNDATION MEMBERSHIP NONPROFIT CORPORATION OH
CHAMPIONS OF THE COMMUNITY, INC. NONPROFIT CORPORATION OH
NATIONWIDE CORPORATION Common Stock: 13,642,432 Shares Casualty–95.2% Fire–4.8% (See Page 2) OH
RETENTION ALTERNATIVES, LTD. Common Stock:120,000Shares Fire–100% BER
ALLIED GROUP, INC. (AGI) Common Stock 850 Shares Casualty–100% IA
SCOTTSDALE INSURANCE COMPANY (SIC) Common Stock:30,136 Shares Casualty–100% OH
THI HOLDINGS DELAWARE, INC. (THI) Common Stock:100 Shares Casualty–100% DE
ALLIED INSURANCE COMPANY OF AMERICA Common Stock:5,000 Shares Casualty–100% OH
CRESTBROOK INSURANCE COMPANY Common Stock:52,000 Shares Casualty–100% OH
NATIONAL CASUALTY COMPANY (NC) Common Stock: 100 Shares Casualty–100% WI
NCC OF AMERICA, LTD. (INACTIVE) Common Stock:300,000Shares NC–100% G.B.
NATIONWIDE AFFINITY INSURANCE COMPANY OF AMERICA Common Stock:500,000Shares Casualty–100% OH
NATIONWIDE AGRIBUSINESS INSURANCE COMPANY Common Stock:949,992Shares Casualty–100% Other Capital: Casualty–Pfd. IA
NATIONWIDE ASSURANCE COMPANY Common Stock:1,750 Shares Casualty–100% WI
NATIONWIDE GENERAL INSURANCE COMPANY Common Stock:20,000 Shares Casualty–100% OH
NATIONWIDE INDEMNITY COMPANY (NW INDEMNITY) Common Stock:28,000 Shares Casualty–100% OH
NATIONWIDE INSURANCE COMPANY OF FLORIDA Common Stock:10,000 Shares Casualty–100% OH
NATIONWIDE LLOYDS A TEXAS LLOYDS TX
NATIONWIDE PROPERTY AND CASUALTY INSURANCE COMPANY Common Stock:60,000 Shares Casualty–100% OH
SCOTTSDALE INDEMNITY COMPANY Common Stock:50,000 Shares Casualty–100% OH
AMERICAN MARINE UNDERWRITERS, INC. Common Stock: 20 Shares Casualty–100% FL
INSURANCE INTERMEDIARIES, INC. (III) Common Stock:1,615 Shares Casualty-100% OH
NATIONWIDE EXCLUSIVE AGENT RISK PURCHASING GROUP, LLC III-100% OH
LONE STAR GENERAL AGENCY, INC. Common Stock:1,000 Shares Casualty–100% TX
COLONIAL COUNTY MUTUAL INSURANCE COMPANY Surplus Debentures: Assurance Lone Star TX
NATIONWIDE REALTY SERVICES, LTD. Single Member Limited Liability Company Casualty–100% OH
NATIONWIDE ARENA LLC Casualty–90% OH
NATIONWIDE PRIVATE EQUITY FUND, LLC Casualty–100% OH
NATIONWIDE SERVICES COMPANY, LLC (NSC) Single Member Limited Liability Company Casualty–100% OH
NATIONWIDE PROPERTY PROTECTION SERVICES, LLC. NSC–100% OH
NATIONWIDE REALTY INVESTORS, LTD Casualty–95% NW Indemnity–5% OH
NATIONWIDE ASSET MANAGEMENT, LLC Casualty–100% OH
NATIONWIDE CASH MANAGEMENT COMPANY Common Stock: 100 Shares Casualty–100% OH
1492 CAPITAL, LLC (1492) Casualty–100% OH
PRIVILEGE UNDERWRITERS, INC. (PUI) 1492–22.7% FL
PURE RISK MANAGEMENT, LLC (PRM) PUI–100% FL
PURE INSURANCE COMPANY PUI–100% FL
PRIVILEGE UNDERWRITERS RECIPROCAL EXCHANGE FL
ALLIED PROPERTY AND CASUALTY INSURANCE COMPANY (ALLIED P & C) Common Stock:300,000Shares AGI–100% IA
AMCO INSURANCE COMPANY (AMCO) Common Stock:300,000 Shares AGI–100% IA
ALLIED GENERAL AGENCY COMPANY Common Stock:5,000 Shares AMCO–100% IA
ALLIED TEXAS AGENCY, INC. Common Stock:1,000 Shares AMCO–100% TX
DEPOSITORS INSURANCE COMPANY (DEPOSITORS) Common Stock:300,000Shares AGI–100% IA
NATIONWIDE INSURANCE COMPANY OF AMERICA Common Stock:12,500 Shares AGI–100% WI
PREMIER AGENCY, INC. Common Stock:100,000Shares AGI–100% IA
NATIONWIDE SALES SOLUTIONS, INC. Common Stock:20,000 Shares AGI–100% IA
NATIONWIDE ADVANTAGE MORTGAGE COMPANY (NAMC) Common Stock:333,837 Shares AMCO –87.3% Allied P&C –8.47% Depositors –4.23% IA
AGMC REINSURANCE, LTD. Common Stock:11,000 Shares NAMC–100% T & C
SCOTTSDALE SURPLUS LINES INSURANCE COMPANY Common Stock:10,000 Shares SIC–100% AZ
WESTERN HERITAGE INSURANCE COMPANY Common Stock:4,776,076Shares SIC–100% AZ
FREEDOM SPECIALTY INSURANCE COMPANY Common Stock: 292,000 Shares SIC–100% OH
VETERINARY PET INSURANCE CO. (VPI) Common Stock:6,935,387Shares SIC–100% CA
DVM INSURANCE AGENCY, INC. VPI–100% CA
V.P.I. SERVICES INC. VPI–100% CA
TITAN INDEMNITY COMPANY (TITAN) Common Stock:4,319,951 Shares THI-100% TX
TITAN INSURANCE COMPANY Common Stock:1,000,000 Shares Titan-100% MI
WHITEHALL HOLDINGS, INC. (WHITEHALL) Common Stock:1,000 Shares THI-100% TX
TITAN AUTO INSURANCE OF NEW MEXICO, INC. Common Stock: 1,000 Shares Whitehall-100% NM
WI OF FLORIDA, INC. Common Stock: 100 Shares Whitehall-100% FL
TITAN INSURANCE SERVICES, INC. Common Stock: 1 Share Whitehall-100% TX
VICTORIA FIRE & CASUALTY COMPANY (VICTORIA FIRE) Common Stock: 1,500 Shares THI-100% OH
VICTORIA AUTOMOBILE INSURANCE COMPANY Common Stock: 1,500 Shares Victoria Fire-100% IN
VICTORIA NATIONAL INSURANCE COMPANY Common Stock: 1,000 Shares Victoria Fire-100% OH
VICTORIA SELECT INSURANCE COMPANY Common Stock: 1,000 Shares Victoria Fire-100% OH
VICTORIA SPECIALTY INSURANCE COMPANY Common Stock: 1,000 Shares Victoria Fire-100% OH
Subsidiary Companies — Solid Line
Contractual Association = Double Line
Limited Liability Company -- Dotted Line
December 31, 2011

NATIONWIDE®



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

December 31, 2011

NATIONWIDE INSURANCE COMPANIES

NAIC Group Code	Group Name	NAIC Company Code	State of Domicile	Federal ID Number	Name of Company
0140	Nationwide	42579	IA	42-1201931	Allied Property and Casualty Insurance Company
0140	Nationwide	19100	IA	42-6054959	AMCO Insurance Company
0140	Nationwide	10127	OH	27-0114983	Allied Insurance Company of America
0140	Nationwide	22209	OH	75-6013587	Freedom Specialty Insurance Company
0140	Nationwide	29262	TX	74-1061659	Colonial County Mutual Insurance Company
0140	Nationwide	18961	OH	68-0066866	Crestbrook Insurance Company
0140	Nationwide	42587	IA	42-1207150	Depositors Insurance Company
0140	Nationwide	13838	IA	42-0618271	Farmland Mutual Insurance Company
0140	Nationwide	11991	WI	38-0865250	National Casualty Company
0140	Nationwide	26093	OH	48-0470690	Nationwide Affinity Insurance Company of America
0140	Nationwide	28223	IA	42-1015537	Nationwide Agribusiness Insurance Company
0140	Nationwide	10723	WI	95-0639970	Nationwide Assurance Company
0140	Nationwide	23760	OH	31-4425763	Nationwide General Insurance Company
0140	Nationwide	10070	OH	31-1399201	Nationwide Indemnity Company
0140	Nationwide	25453	WI	95-2130882	Nationwide Insurance Company of America
0140	Nationwide	10948	OH	31-1613686	Nationwide Insurance Company of Florida
0140	Nationwide	92657	OH	31-1000740	Nationwide Life and Annuity Insurance Company
0140	Nationwide	66869	OH	31-4156830	Nationwide Life Insurance Company
0140	Nationwide	42110	TX	75-1780981	Nationwide Lloyds
0140	Nationwide	23779	OH	31-4177110	Nationwide Mutual Fire Insurance Company
0140	Nationwide	23787	OH	31-4177100	Nationwide Mutual Insurance Company
0140	Nationwide	37877	OH	31-0970750	Nationwide Property & Casualty Insurance Company
0140	Nationwide	15580	OH	31-1117969	Scottsdale Indemnity Company
0140	Nationwide	41297	OH	31-1024978	Scottsdale Insurance Company
0140	Nationwide	10672	AZ	86-0835870	Scottsdale Surplus Lines Insurance Company
0140	Nationwide	13242	TX	74-2286759	Titan Indemnity Company
0140	Nationwide	36269	MI	86-0619597	Titan Insurance Company
0140	Nationwide	42285	CA	95-3750113	Veterinary Pet Insurance Company
0140	Nationwide	10644	IN	34-1785903	Victoria Automobile Insurance Company
0140	Nationwide	42889	OH	34-1394913	Victoria Fire & Casualty Company
0140	Nationwide	10778	OH	34-1842604	Victoria National Insurance Company
0140	Nationwide	10105	OH	34-1777972	Victoria Select Insurance Company
0140	Nationwide	10777	OH	34-1842602	Victoria Specialty Insurance Company
0140	Nationwide	37150	AZ	86-0561941	Western Heritage Insurance Company
0140	Nationwide	13999	VT	27-1712056	Olentangy Reinsurance, LLC
4664	PURE	13204	FL	26-3109178	PURE Insurance Company
4664	PURE	12873	FL	20-8287105	Privilege Underwriters Reciprocal Exchange

OVERFLOW PAGE FOR WRITE-INS

Additional Write-ins for Assets Line 25

	Current Year 1 Assets	Current Year 2 Nonadmitted Assets	Current Year 3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
2504. Deposits and prepaid assets	165,511,906	165,511,906		
2505. Other assets nonadmitted	114,430,640	114,430,640		
2506. Equities and deposits in pools and associations	157,513,502		157,513,502	150,755,181
2507. State surcharge/recoupment receivables				7,870,342
2597. Summary of remaining write-ins for Line 25 from overflow page	437,456,048	279,942,546	157,513,502	158,625,523

Additional Write-ins for Liabilities Line 25

	1 Current Year	2 Prior Year
2504. SRP - additional minimum liabilities	27,793,626	2,748,415
2505. Reserve for state escheat payments	43,177,885	45,209,655
2506. Deferred investment income	2,469,533	4,157,358
2507. Loss based assessment payables	8,979,272	8,868,723
2508. Pooling expense payables	137,371,130	186,823,572
2509. Accrued interest payable on surplus notes	32,812,500	
2510. State surcharge/recoupment payable	1,184,458	
2511. Escrow liabilities	19,952,168	8,137,683
2597. Summary of remaining write-ins for Line 25 from overflow page	273,740,572	255,945,406

Additional Write-ins for Statement of Income Line 37

	1 Current Year	2 Prior Year
3704. Tax prior period adjustment		(7,939,750)
3705. SSAP 10 DTA	159,772,308	60,321,594
3706.		
3797. Summary of remaining write-ins for Line 37 from overflow page	159,772,308	52,381,844

Additional Write-ins for Underwriting and Investment Exhibit Part 3 Line 24

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
2404. LAD Buyout Expense		3,530,762		3,530,762
2497. Summary of remaining write-ins for Line 24 from overflow page		3,530,762		3,530,762

Additional Write-ins for Exhibit of Capital Gains and Losses Line 9

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
0904. Securities Lending		(1,028,779)	(1,028,779)	(1,010,751)	
0905. Capital loss on home sales	(9,081,936)		(9,081,936)		
0906. OCI unrealized deferred gain securities transactions				1,687,825	
0997. Summary of remaining write-ins for Line 9 from overflow page	(9,081,936)	(1,028,779)	(10,110,715)	677,074	

Additional Write-ins for Schedule E - Part 3 Line 58

States, Etc.	1 Type of Deposit	2 Purpose of Deposit	Deposits For the Benefit of All Policyholders 3 Book/Adjusted Carrying Value	Deposits For the Benefit of All Policyholders 4 Fair Value	All Other Special Deposits 5 Book/Adjusted Carrying Value	All Other Special Deposits 6 Fair Value
5804. Canada/Govt/Bd CDN$ 3 1/2% Due 6/1/2020 JD1 Ontario	B	Reinsurance			1,963,707	2,210,242
5805. Quebec Prov CDA Deb CDN $ 4 1/2% Due 12/1/2016 JD1 Quebec	B	Reinsurance			7,208,280	8,046,583
5806. US Treasury Nt 4 1/4% Due 11/15/2014 MN15 United States	B	Workers compensation			285,339	316,439
5897. Summary of remaining write-ins for Line 58 from overflow page	XXX	XXX			9,457,326	10,573,264

ALPHABETICAL INDEX

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