Reason for amendment : Updated financials for an impaired subsidiary.

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ANNUAL STATEMENT

For the Year Ended December 31, 2015

of the Condition and Affairs of the

VETERINARY PET INSURANCE COMPANY

NAIC Group Code.....0140 0140 (Current Period) (Prior Period) NAIC Company Code..... 42285 Employer's ID Number..... 95-3750113

Organized under the Laws of CALIFORNIA State of Domicile or Port of Entry CALIFORNIA Country of Domicile US

Incorporated/Organized..... September 18, 1981 Commenced Business..... April 7, 1982

Statutory Home Office	1800 E. IMPERIAL HIGHWAY, SUITE 145….. BREA ..... CA ..... US ..... 92821 *(Street and Number) (City or Town, State, Country and Zip Code)*	
Main Administrative Office	1800 E. IMPERIAL HIGHWAY, SUITE 145….. BREA ..... CA ..... US..... 92821 *(Street and Number) (City or Town, State, Country and Zip Code)*	714-989-0555 *(Area Code) (Telephone Number)*
Mail Address	ONE WEST NATIONWIDE BLVD., 1-04-701….. COLUMBUS ..... OH ..... US ... 43215-2220 *(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)*	
Primary Location of Books and Records	ONE WEST NATIONWIDE BLVD., 1-04-701….. COLUMBUS ..... OH ..... US ... 43215-2220 *(Street and Number) (City or Town, State, Country and Zip Code)*	.....614-249-1545 *(Area Code) (Telephone Number)*
Internet Web Site Address	WWW.PETINSURANCE.COM	
Statutory Statement Contact	CHERYL M. DENNIS *(Name)*	614-249-1545 *(Area Code) (Telephone Number) (Extension)*
	FINRPT@NATIONWIDE.COM *(E-Mail Address)*	866-315-1430 *(Fax Number)*

OFFICERS

Name	Title	Name	Title
1. SCOTT DAY LILES	PRES & CHIEF PET INS OFF	2. ROBERT WILLIAM HORNER III	VP & SECRETARY
3. KEITH EDWARD GRAHAM	CFO & TREASURER		

OTHER

PAMELA ANN BIESECKER	SR VP-HEAD OF TAXATION	MICHAEL ALOYSIUS BOYD #	SR VP-ENTERPRISE BRAND MRKT
MARTHA LOVETTE FRYE #	SR REG VP-SOUTHEASTERN EXCL DIST	HARRY HANSEN HALLOWELL	SVP-CIO
ORYSIA KSENIA MEYERS #	SR REG VP-CENTRL ATLTC EXCL DIST		

DIRECTORS OR TRUSTEES

DAVID ALAN BANO #	TERRI LYNN HILL	MICHAEL PATRICK LEACH	SCOTT DAY LILES
JENNIFER LYNN MARSHALEK #			

State of........ OHIO
County of..... FRANKLIN

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

(Signature)	(Signature)	(Signature)
SCOTT DAY LILES	ROBERT WILLIAM HORNER III	KEITH EDWARD GRAHAM
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
PRES & CHIEF PET INS OFF	VP & SECRETARY	CFO & TREASURER
(Title)	(Title)	(Title)

Subscribed and sworn to before me
This ______ day of ______ 2016

a. Is this an original filing? Yes [ ] No [X]
b. If no
1. State the amendment number 4
2. Date filed 05/12/2016
3. Number of pages attached 12

ASSETS

	Current Year 1 Assets	Current Year 2 Nonadmitted Assets	Current Year 3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	163,311,214		163,311,214	167,908,991
2. Stocks (Schedule D):				
2.1 Preferred stocks			0	
2.2 Common stocks	(912,092)	916,252	(1,828,344)	(1,828,333)
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	
3.2 Other than first liens			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $..........0 encumbrances)			0	
4.2 Properties held for the production of income (less $..........0 encumbrances)			0	
4.3 Properties held for sale (less $..........0 encumbrances)			0	
5. Cash ($.....(7,641,976), Schedule E-Part 1), cash equivalents ($..........0, Schedule E-Part 2) and short-term investments ($.....13,040,683, Schedule DA)	5,398,707		5,398,707	1,490,782
6. Contract loans (including $..........0 premium notes)			0	
7. Derivatives (Schedule DB)			0	
8. Other invested assets (Schedule BA)			0	
9. Receivables for securities			0	
10. Securities lending reinvested collateral assets (Schedule DL)			0	
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	167,797,829	916,252	166,881,577	167,571,440
13. Title plants less $..........0 charged off (for Title insurers only)			0	
14. Investment income due and accrued	1,482,607		1,482,607	1,549,297
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	6,122,584	1,534,207	4,588,377	3,405,827
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $..........0 earned but unbilled premiums)	100,143,503		100,143,503	88,557,889
15.3 Accrued retrospective premiums ($..........0) and contracts subject to redetermination ($..........0)			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers			0	
16.2 Funds held by or deposited with reinsured companies			0	
16.3 Other amounts receivable under reinsurance contracts			0	
17. Amounts receivable relating to uninsured plans			0	
18.1 Current federal and foreign income tax recoverable and interest thereon			0	
18.2 Net deferred tax asset	12,625,639	3,483,050	9,142,589	9,449,878
19. Guaranty funds receivable or on deposit			0	
20. Electronic data processing equipment and software			0	
21. Furniture and equipment, including health care delivery assets ($..........0)			0	
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	
23. Receivables from parent, subsidiaries and affiliates	13,141,018		13,141,018	9,776,877
24. Health care ($..........0) and other amounts receivable			0	
25. Aggregate write-ins for other than invested assets	2,857,456	2,233,102	624,354	1,030,123
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	304,170,636	8,166,611	296,004,025	281,341,331
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
28. TOTALS (Lines 26 and 27)	304,170,636	8,166,611	296,004,025	281,341,331

DETAILS OF WRITE-INS

	1	2	3	4
1101.			0	
1102.			0	
1103.			0	
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Miscellaneous	624,354		624,354	1,030,123
2502. Deposits and prepaid assets	2,233,102	2,233,102	0	
2503.			0	
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	2,857,456	2,233,102	624,354	1,030,123

STATEMENT OF INCOME

UNDERWRITING INCOME	1 Current Year	2 Prior Year
1. Premiums earned (Part 1, Line 35, Column 4)	264,224,824	241,059,807
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7)	176,550,231	151,665,842
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	9,574,209	9,371,167
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	88,000,728	81,084,937
5. Aggregate write-ins for underwriting deductions	0	0
6. Total underwriting deductions (Lines 2 through 5)	274,125,168	242,121,946
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(9,900,344)	(1,062,139)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	5,605,385	5,447,052
10. Net realized capital gains (losses) less capital gains tax of $.....154,669 (Exhibit of Capital Gains (Losses))	(12,609,259)	47,864
11. Net investment gain (loss) (Lines 9 + 10)	(7,003,874)	5,494,916
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered $..........0 amount charged off $.....4,949)	(4,949)	(149,329)
13. Finance and service charges not included in premiums	9,808,020	9,844,207
14. Aggregate write-ins for miscellaneous income	237,358	(16,429)
15. Total other income (Lines 12 through 14)	10,040,429	9,678,449
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(6,863,789)	14,111,226
17. Dividends to policyholders		
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)	(6,863,789)	14,111,226
19. Federal and foreign income taxes incurred	2,603,081	4,668,881
20. Net income (Line 18 minus Line 19) (to Line 22)	(9,466,870)	9,442,345
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	103,948,658	90,996,069
22. Net income (from Line 20)	(9,466,870)	9,442,345
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of $.....(515,279)	6,102,652	(4,382,287)
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax	2,055,048	(1,924,623)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3)	(3,000,515)	9,817,154
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
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	0	0
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	(4,309,685)	12,952,589
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	99,638,973	103,948,658

DETAILS OF WRITE-INS

0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0
1401. Miscellaneous	237,358	(16,429)
1402.		
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	237,358	(16,429)
3701.		
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above)	0	0

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. government bonds	(a) 62,016	23,799
1.1	Bonds exempt from U.S. tax	(a) 934,774	911,420
1.2	Other bonds (unaffiliated)	(a) 4,950,256	4,944,315
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)		
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 1,152	1,973
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	10	10
10.	Total gross investment income	5,948,208	5,881,517
11.	Investment expenses		(g) 276,133
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i) 0
15.	Aggregate write-ins for deductions from investment income		0
16.	Total deductions (Lines 11 through 15)		276,133
17.	Net investment income (Line 10 minus Line 16)		5,605,384

DETAILS OF WRITE-INS

0901.	Misc. Income	10	10
0902.			
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	10	10
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		0
1599.	Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above)		0

(a) Includes $.....146,232 accrual of discount less $.....1,178,547 amortization of premium and less $.....108,181 paid for accrued interest on purchases.
(b) Includes $..........0 accrual of discount less $..........0 amortization of premium and less $..........0 paid for accrued dividends on purchases.
(c) Includes $..........0 accrual of discount less $..........0 amortization of premium and less $..........0 paid for accrued interest on purchases.
(d) Includes $..........0 for company's occupancy of its own buildings; and excludes $..........0 interest on encumbrances.
(e) Includes $..........0 accrual of discount less $..........0 amortization of premium and less $..........0 paid for accrued interest on purchases.
(f) Includes $..........0 accrual of discount less $..........0 amortization of premium.
(g) Includes $..........0 investment expenses and $..........0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
(h) Includes $..........0 interest on surplus notes and $..........0 interest on capital notes.
(i) Includes $..........0 depreciation on real estate and $..........0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 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	162,662		162,662	15,452	
1.1	Bonds exempt from U.S. tax			0		
1.2	Other bonds (unaffiliated)	170,261		170,261	(1,487,677)	
1.3	Bonds of affiliates			0		
2.1	Preferred stocks (unaffiliated)			0		
2.11	Preferred stocks of affiliates			0		
2.2	Common stocks (unaffiliated)			0		
2.21	Common stocks of affiliates		(12,787,513)	(12,787,513)	7,059,598	
3.	Mortgage loans			0		
4.	Real estate			0		
5.	Contract loans			0		
6.	Cash, cash equivalents and short-term investments			0		
7.	Derivative instruments			0		
8.	Other invested assets			0		
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	Total capital gains (losses)	332,923	(12,787,513)	(12,454,590)	5,587,373	0

DETAILS OF WRITE-INS

0901.				0		
0902.				0		
0903.				0		
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0	0	0	0

EXHIBIT OF NONADMITTED 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)			0
2. Stocks (Schedule D):			
2.1 Preferred stocks			0
2.2 Common stocks	916,252	1,644,156	727,904
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			0
3.2 Other than first liens			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			0
4.2 Properties held for the production of income			0
4.3 Properties held for sale			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			0
6. Contract loans			0
7. Derivatives (Schedule DB)			0
8. Other invested assets (Schedule BA)			0
9. Receivables for securities			0
10. Securities lending reinvested collateral assets (Schedule DL)			0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	916,252	1,644,156	727,904
13. Title plants (for Title insurers only)			0
14. Investment income due and accrued			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	1,534,207	1,035,849	(498,358)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			0
15.3 Accrued retrospective premiums and contracts subject to redetermination			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			0
16.2 Funds held by or deposited with reinsured companies			0
16.3 Other amounts receivable under reinsurance contracts			0
17. Amounts receivable relating to uninsured plans			0
18.1 Current federal and foreign income tax recoverable and interest thereon			0
18.2 Net deferred tax asset	3,483,050	605,434	(2,877,616)
19. Guaranty funds receivable or on deposit			0
20. Electronic data processing equipment and software			0
21. Furniture and equipment, including health care delivery assets			0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0
23. Receivables from parent, subsidiaries and affiliates			0
24. Health care and other amounts receivable			0
25. Aggregate write-ins for other than invested assets	2,233,102	1,880,656	(352,446)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25)	8,166,611	5,166,095	(3,000,516)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
28. TOTALS (Lines 26 and 27)	8,166,611	5,166,095	(3,000,516)

DETAILS OF WRITE-INS

1101.			0
1102.			0
1103.			0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0
2501. Deposits and prepaid assets	2,233,102	1,880,656	(352,446)
2502.			0
2503.			0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	2,233,102	1,880,656	(352,446)

NOTES TO THE FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

The accompanying statutory financial statements of Veterinary Pet Insurance Company (the Company) have been prepared in conformity with accounting practices prescribed or permitted by the National Association of Insurance Commissioners (NAIC) and the California Department of Insurance (CADOI).

The State of California requires insurance companies domiciled in the State of California to prepare their statutory financial statements in accordance with the NAIC's *Accounting Practices and Procedures Manual* subject to any deviations prescribed or permitted by the CADOI. The Company has no statutory accounting practices that differ from NAIC SAP.

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of California is shown below:

		State of Domicile		2015		2014
	Net Income					
(1)	Veterinary Pet Insurance Company state basis (Page 4, Line 20, Columns 1 & 3)	CA	$	(9,466,870)	$	9,442,345
(2)	State prescribed practices that increase/(decrease) NAIC SAP	CA		-		-
(3)	State permitted practices that increase/(decrease) NAIC SAP	CA		-		-
(4)	NAIC SAP (1-2-3=4)	CA	$	(9,466,870)	$	9,442,345
	Surplus					
(5)	Veterinary Pet Insurance Company state basis (Page 3, Line 37, Columns 1 & 2)	CA	$	99,638,973	$	103,948,658
(6)	State prescribed practices that increase/(decrease) NAIC SAP	CA		-		-
(7)	State permitted practices that increase/(decrease) NAIC SAP	CA		-		-
(8)	NAIC SAP (5-6-7=8)	CA	$	99,638,973	$	103,948,658

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

The preparation of statutory 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

Direct and assumed premiums are earned over the terms of the related policies and reinsurance contracts. The Company does not participate in ceded reinsurance contracts. Unearned premiums are established to cover the unexpired portion of premiums written. Such reserves are computed by the daily pro rata method. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred.

Net investment income earned consists primarily of interest and dividends less investment related expenses. Interest is recognized on an accrual basis and dividends are recognized on an ex-dividend basis. Net realized capital gains (losses) are recognized on a specific identification basis when securities are sold, redeemed or otherwise disposed. Realized capital losses include write-downs for impairments considered to be other than temporary.

In addition, the Company uses the following accounting policies:

1. Short-term investments consist of investments with maturities of twelve months or less at acquisition and are stated at amortized cost, which approximates fair value.

2. Bonds, excluding loan-backed and structured securities, are stated at amortized cost except those with a NAIC designation of "3" through "6" which are stated at the lower of amortized cost or fair value. Amortization of premiums and discounts is calculated using the effective yield method.

3. Unaffiliated common stocks are stated at fair value.

4. Redeemable preferred stocks

   Not applicable.

5. Mortgage loans

   Not applicable.

6. Loan-backed and structured securities (collectively, loan-backed securities) are stated at amortized cost or the lower of amortized cost or fair value in accordance with the provisions of Statement of Statutory Accounting Principles No. 43-Revised and the Purposes and Procedures Manual of the NAIC Securities Valuation Office. The retrospective adjustment method is used to value loan-backed securities where the collection of all contractual cash flows is probable. For all other loan-backed securities, the Company uses the prospective adjustment method.

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

   Non-insurance subsidiaries, DVM Insurance Agency, Inc. (DVM) and VPI Services, Inc. (VPIS), are carried at their values in accordance with SSAP 97 - *Investments in Subsidiary, Controlled and Affiliated Entities*.

8. Investments in joint ventures and partnerships

   Not applicable.

9. Accounting for derivatives

   Not applicable.

NOTES TO THE FINANCIAL STATEMENTS

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, 2015 and 2014, 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. Unpaid losses and loss adjustment expenses include an amount based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amounts are adequate, the ultimate liabilities may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.

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. Major medical insurance with prescription drug coverage - Not applicable as the Company does not write this line of business.

D. Going Concern

Not applicable.

Note 2 - Accounting Changes and Corrections of Errors

Not applicable.

Note 3 - Business Combinations and Goodwill

Not applicable

Note 4 – Discontinued Operations

Not applicable.

Note 5 – Investments

A. Mortgage Loans

Not applicable.

B. Troubled Debt Restructuring

Not applicable

C. Reverse Mortgages

Not applicable.

D. Loan-Backed Securities

1. Prepayment assumptions are generally obtained using a model provided by a third-party vendor.
2. Not applicable.
3. Not applicable.
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	$ (305,471)
2.	12 Months or Longer	$ (96,385)

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

1.	Less than 12 Months	$ 26,617,962
2.	12 Months or Longer	$ 3,496,502

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, then the Company will evaluate if the amortized cost basis of the security will be recovered by comparing the present value of the cash flows expected to be received for the given security with the amortized cost basis of the security. If the present value of cash flows is greater than the amortized cost basis of a security then the security is deemed not to be other-than-temporarily impaired.

E. - K. Not applicable.

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

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

Not applicable.

NOTES TO THE FINANCIAL STATEMENTS

B. Write-downs for Impairments

Not applicable

Note 7 - Investment Income

A. Accrued Investment Income

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

B. Amounts Nonadmitted

The total amount of investment income nonadmitted at December 31, 2015 was $0.

Note 8 - Derivative Instruments

Not applicable.

Note 9 - Income Taxes

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

		December 31, 2015		
		Ordinary	Capital	Total
(1a)	Gross deferred tax assets	$ 12,232,769	$ 977,852	$ 13,210,621
(1b)	Statutory valuation allowance adjustment	-	-	-
(1c)	Adjusted gross deferred tax assets	$ 12,232,769	$ 977,852	$ 13,210,621
(1d)	Deferred tax assets nonadmitted	2,505,198	977,852	3,483,050
(1e)	Subtotal net admitted deferred tax asset	$ 9,727,571	$ -	$ 9,727,571
(1f)	Deferred tax liabilities	584,982	-	584,982
(1g)	Net admitted deferred tax asset/(net deferred tax liability)	$ 9,142,589	$ -	$ 9,142,589

		December 31, 2014		
		Ordinary	Capital	Total
(1a)	Gross deferred tax assets	$ 10,046,289	$ 23,938	$ 10,070,227
(1b)	Statutory valuation allowance adjustment	-	-	-
(1c)	Adjusted gross deferred tax assets	$ 10,046,289	$ 23,938	$ 10,070,227
(1d)	Deferred tax assets nonadmitted	600,193	5,241	605,434
(1e)	Subtotal net admitted deferred tax asset	$ 9,446,096	$ 18,697	$ 9,464,793
(1f)	Deferred tax liabilities	24	14,891	14,915
(1g)	Net admitted deferred tax asset/(net deferred tax liability)	$ 9,446,072	$ 3,806	$ 9,449,878

		Change		
		Ordinary	Capital	Total
(1a)	Gross deferred tax assets	$ 2,186,480	$ 953,914	$ 3,140,394
(1b)	Statutory valuation allowance adjustment	-	-	-
(1c)	Adjusted gross deferred tax assets	$ 2,186,480	$ 953,914	$ 3,140,394
(1d)	Deferred tax assets nonadmitted	1,905,005	972,611	2,877,616
(1e)	Subtotal net admitted deferred tax asset	$ 281,475	$ (18,697)	$ 262,778
(1f)	Deferred tax liabilities	584,958	(14,891)	570,067
(1g)	Net admitted deferred tax asset/(net deferred tax liability)	$ (303,483)	$ (3,806)	$ (307,289)

NOTES TO THE FINANCIAL STATEMENTS

Admission Calculation Components SSAP No. 101

	December 31, 2015 Ordinary	December 31, 2015 Capital	December 31, 2015 Total
(2a) Federal income taxes paid in prior years recoverable through loss carrybacks	$ -	$ -	$ -
(2b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from (2a) above) after application of the threshold limitation (the less of (2b)1 and (2b)2 below)	$ 9,142,589	$ -	$ 9,142,589
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	$ 11,089,507	$ -	$ 11,089,507
2. Adjusted gross deferred tax assets allowed per limit threshold	XXX	XXX	$ 9,142,589
(2c) Adjusted gross deferred tax assets (excluding the amount of deferred tax asset from 2(a) and 2(b) above) offset by gross deferred tax liabilities	$ 584,982	$ -	$ 584,982
(2d) Deferred tax assets admitted as the result of application of SSAP No. 101 Total ((2a) + (2b) + (2c))	$ 9,727,571	$ -	$ 9,727,571

	December 31, 2014 Ordinary	December 31, 2014 Capital	December 31, 2014 Total
(2a) Federal income taxes paid in prior years recoverable through loss carrybacks	$ -	$ -	$ -
(2b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from (2a) above) after application of the threshold limitation (the less of (2b)1 and (2b)2 below)	$ 9,446,072	$ 3,806	$ 9,449,878
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	$ 9,606,048	$ 3,806	$ 9,609,854
2. Adjusted gross deferred tax assets allowed per limit threshold	XXX	XXX	$ 9,592,393
(2c) Adjusted gross deferred tax assets (excluding the amount of deferred tax asset from 2(a) and 2(b) above) offset by gross deferred tax liabilities	$ 24	$ 14,891	$ 14,915
(2d) Deferred tax assets admitted as the result of application of SSAP No. 101 Total ((2a) + (2b) + (2c))	$ 9,446,096	$ 18,697	$ 9,464,793

	Change Ordinary	Change Capital	Change Total
(2a) Federal income taxes paid in prior years recoverable through loss carrybacks	$ -	$ -	$ -
(2b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from (2a) above) after application of the threshold limitation (the less of (2b)1 and (2b)2 below)	$ (303,483)	$ (3,806)	$ (307,289)
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	$ 1,483,459	$ (3,806)	$ 1,479,653
2. Adjusted gross deferred tax assets allowed per limit threshold	XXX	XXX	$ (449,804)
(2c) Adjusted gross deferred tax assets (excluding the amount of deferred tax asset from 2(a) and 2(b) above) offset by gross deferred tax liabilities	$ 584,958	$ (14,891)	$ 570,067
(2d) Deferred tax assets admitted as the result of application of SSAP No. 101 Total ((2a) + (2b) + (2c))	$ 281,475	$ (18,697)	$ 262,778

	December 31, 2015	December 31, 2014
(3a) Ratio percentage used to determine recovery period and threshold limitation amount	244.710%	285.745%
(3b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in (2b)2 above	$ 90,496,384	$ 95,923,928

NOTES TO THE FINANCIAL STATEMENTS

Impact of Tax Planning Strategies

		December 31, 2015	
	Ordinary	Capital	Total
(4a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage			
(1) Adjusted Gross DTAs amount from Note 9A1(c)	$ 12,232,769	$ 977,852	$ 13,210,621
(2) Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	0.00%	0.00%	0.00%
(3) Net Admitted Adjusted Gross DTAs amount from Note 9A1(e)	$ 9,727,571	$ -	$ 9,727,571
(4) Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of planning strategies	0.00%	0.00%	0.00%

		December 31, 2014	
	Ordinary	Capital	Total
(4a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage			
(1) Adjusted Gross DTAs amount from Note 9A1(c)	$ 10,046,289	$ 23,938	$ 10,070,227
(2) Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	0.00%	0.00%	0.00%
(3) Net Admitted Adjusted Gross DTAs amount from Note 9A1(e)	$ 9,446,096	$ 18,697	$ 9,464,793
(4) Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of planning strategies	0.00%	0.04%	0.04%

		Change	
	Ordinary	Capital	Total
(4a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage			
(1) Adjusted Gross DTAs amount from Note 9A1(c)	$ 2,186,480	$ 953,914	$ 3,140,394
(2) Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	0.00%	0.00%	0.00%
(3) Net Admitted Adjusted Gross DTAs amount from Note 9A1(e)	$ 281,475	$ (18,697)	$ 262,778
(4) Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of planning strategies	0.00%	-0.04%	-0.04%

(4b) Does this Company's tax-planning strategies include the use of reinsurance? Yes [ ] No [X]

B. There are no temporary differences for which deferred tax liabilities are not recognized.

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

	December 31, 2015	December 31, 2014	Change
1. Current Income Tax			
(a) Federal	$ 2,603,081	$ 4,668,881	$ (2,065,800)
(b) Foreign	-	-	-
(c) Subtotal	$ 2,603,081	$ 4,668,881	$ (2,065,800)
(d) Federal income tax on net capital gains	154,669	(14,743)	169,412
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income taxes incurred	$ 2,757,750	$ 4,654,138	$ (1,896,388)

NOTES TO THE FINANCIAL STATEMENTS

2. Deferred Tax Assets

	December 31, 2015	December 31, 2014	Change
(a) Ordinary:			
(1) Discounting of unpaid losses	$ 146,213	$ 137,395	$ 8,818
(2) Unearned premium reserve	10,044,236	9,145,120	899,116
(3) Policyholder reserves	-	-	-
(4) Investments	434,598	-	434,598
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed Assets	-	-	-
(8) Compensation benefits accrual	-	-	-
(9) Pension accrual	164,170	72,505	91,665
(10) Receivables - nonadmitted	-	-	-
(11) Net operating loss carry-forward	-	-	-
(12) Tax credit carry-forward	-	-	-
(13) Other (including items <5% of total ordinary tax assets)	124,994	691,269	(566,275)
(14) Nonadmitted miscellaneous	781,586	-	781,586
(15) Intangibles	-	-	-
(16) Capitalized R&E	-	-	-
(17) Nonadmitted premiums and agent bal	536,972	-	536,972
(18) Premium deficiency reserve	-	-	-
(99) Subtotal	$ 12,232,769	$ 10,046,289	$ 2,186,480
(b) Statutory valuation allowance adjustment	$ -	$ -	$ -
(c) Nonadmitted	2,505,198	600,193	1,905,005
(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	$ 9,727,571	$ 9,446,096	$ 281,475
(e) Capital:			
(1) Investments	$ 977,852	$ 23,938	$ 953,914
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	-	-	-
(99) Subtotal	$ 977,852	$ 23,938	$ 953,914
(f) Statutory valuation allowance adjustment	$ -	$ -	$ -
(g) Nonadmitted	977,852	5,241	972,611
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)	$ -	$ 18,697	$ (18,697)
(i) Admitted deferred tax assets (2d + 2h)	$ 9,727,571	$ 9,464,793	$ 262,778

3. Deferred Tax Liabilities

	December 31, 2015	December 31, 2014	Change
(a) Ordinary:			
(1) Investments	$ 287	$ 24	$ 263
(2) Fixed assets	-	-	-
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other (including items <5% of total ordinary tax liabilities)	-	-	-
(6) Compensation and benefit accrual	-	-	-
(7) Guaranty assessments	-	-	-
(8) Asset acquisitions	-	-	-
(9) Surplus note interest accrual	-	-	-
(10) Pension accrual	-	-	-
(11) Other liabilities	-	-	-
(12) Unrealized miscellaneous	-	-	-
(13) Prepaid expenses	584,695	-	584,695
(99) Subtotal	$ 584,982	$ 24	$ 584,958
(b) Capital:			
(1) Investments	$ -	$ 14,891	$ (14,891)
(2) Real estate	-	-	-
(3) Other (including items <5% of total capital tax liabilities)	-	-	-
(99) Subtotal	$ -	$ 14,891	$ (14,891)
(c) Deferred tax liabilities (3a99 + 3b99)	$ 584,982	$ 14,915	$ 570,067

4. Net deferred tax asset/(liability) (2i - 3c)	$ 9,142,589	$ 9,449,878	$ (307,289)

NOTES TO THE FINANCIAL STATEMENTS

5. The change in deferred income taxes is comprised of the following (this analysis is exclusive of the nonadmitted assets as the Change in Nonadmitted Assets are reported separately from the Change in Net Deferred Income Taxes in the surplus section of the Annual Statement):

		December 31, 2015		December 31, 2014		Change
(a) Adjusted gross deferred tax assets	$	13,210,621	$	10,070,227	$	3,140,394
(b) Deferred tax liabilities		584,982		14,915		570,067
(c) Net deferred tax assets (liabilities)	$	12,625,639	$	10,055,312	$	2,570,327
(d) Tax effect of unrealized gains (losses)						515,279
(e) Tax effect of unrealized postretirement benefits						-
(f) Change in deferred income tax					$	2,055,048

D. The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory Federal income tax rate to pre-tax income. The significant book to tax adjustments causing this difference are as follows:

		December 31, 2015		December 31, 2014
(a) Current income taxes incurred	$	2,757,750	$	4,654,138
(b) Change in deferred income tax		(2,055,048)		1,924,623
(c) Total income tax reported	$	702,702	$	6,578,761
(d) Income before taxes	$	(6,709,120)	$	14,096,482
(e) Federal statutory tax rate		35%		35%
(f) Expected income tax expense (benefit) at 35% statutory rate	$	(2,348,192)	$	4,933,769
(1) Tax-exempt income	$	(284,214)	$	(316,759)
(2) Dividends received deduction		-		-
(3) Nondeductible expenses		26,453		37,268
(4) Deferred tax benefit on nonadmitted assets		(1,166,975)		1,924,561
(5) Change in tax reserves		-		(78)
(6) Tax credits		-		-
(7) Other		-		-
(8) Non-deductible other than temporary impairment		4,475,630		-
(9) COLI - change in CSV		-		-
(10) Dividends - Return of Capital		-		-
(g) Total	$	702,702	$	6,578,761

E. Operating Loss and Tax Credit Carryforwards and Protective Tax Deposits

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

		Amount	Origination	Expiration
Operating loss carryforwards	$	-	2002-2011	2017-2027
Operating loss carryforwards	$	-	2011	2031
Operating loss carryforwards	$	-	2012	2032
Operating loss carryforwards	$	-	2013	2033
Operating loss carryforwards	$	-	2014	2034
Operating loss carryforwards	$	-	2015	2035
Amount of AMT tax credits	$	-	2008	N/A
Amount of AMT tax credits	$	-	2009	N/A
Amount of AMT tax credits	$	-	2010	N/A
Amount of AMT tax credits	$	-	2011	N/A
Amount of AMT tax credits	$	-	2012	N/A
Amount of AMT tax credits	$	-	2013	N/A
Amount of AMT tax credits	$	-	2014	N/A
Business credits	$	-	2009	2029
Business credits	$	-	2010	2030
Business credits	$	-	2011	2031
Business credits	$	-	2012	2032
Business credits	$	-	2013	2033
Business credits	$	-	2014	2034

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

2015	$	-
2014	$	-

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

NOTES TO THE FINANCIAL STATEMENTS

F. Consolidated Federal Income Tax Return

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

Nationwide Mutual Insurance Company
AGMC Reinsurance, Ltd
Allied General Agency Company
Allied Group, Inc.
Allied Holding (Delaware), Inc.
Allied Insurance Company of America
Allied Property & Casualty Insurance Company
Allied Texas Agency, Inc.
AMCO Insurance Company
American Marine Underwriters
Crestbrook Insurance Company
Depositors Insurance Company
DVM Insurance Agency, Inc.
Eagle Captive Reinsurance LLC
Freedom Specialty Insurance Company
Harleysville Group Inc.
Harleysville Insurance Co. of New York
Harleysville Insurance Company
Harleysville Insurance Company of New Jersey
Harleysville Lake States Insurance Company
Harleysville Preferred Insurance Company
Harleysville Worcester 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 Fin. Institution Distrib. Agency, Inc.
Nationwide Financial Assignment Company
Nationwide Financial General 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 Investment Services Corporation
Nationwide Life & Annuity Insurance Co.
Nationwide Life Insurance Company
Nationwide Lloyds
Nationwide Member Solutions Agency, Inc.
Nationwide Property & Casualty Insurance Company
Nationwide Retirement Solutions Ins. Agency, Inc.
Nationwide Retirement Solutions, Inc.
Nationwide Retirement Solutions, Inc. of AZ
Nationwide Retirement Solutions, Inc. of OH
Nationwide Retirement Solutions, Inc. of TX
NFS Distributors, Inc.
NWD Asset Management Holdings, Inc.
NWD Investment Management, Inc.
On Your Side Nationwide Insurance Agency, Inc.
Premier Agency, Inc.
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.
Veterinary Pet Insurance Company
Victoria Automobile Insurance Company
Victoria Fire & Casualty Company
Victoria National Insurance Company
Victoria Select Insurance Company
Victoria Specialty Insurance Company
VPI Services, Inc.
Western Heritage Insurance Company

Effective January 1, 2015, the consolidated federal income tax filing group of which the Company is a member expanded to include Nationwide Mutual Insurance Company's (Mutual) eligible life insurance subsidiaries and non-insurance subsidiaries of the life insurance companies.

2. Effective January 1, 2015, the Company became a party to a revised tax sharing agreement which was approved by the Board of Directors. The revised tax sharing agreement reflects Mutual's new consolidated federal return group which includes its eligible life and non-life subsidiaries. The method of allocation among the companies is based upon separate return calculations with current benefit for tax losses and credits utilized in the consolidated return.

G. Federal or Foreign Federal Income Tax Loss Contingencies

The Company does not have any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

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

A., B., C. Nature of Relationships and Description of Transactions

Veterinary Pet Insurance Company (the Company or VPI) is affiliated with the following entities: DVM Insurance Agency, Inc. (DVM), and VPI Services, Inc. (VPIS). DVM and VPIS are wholly-owned subsidiaries of the Company. Neither of the subsidiaries has employees. Such entities have been established for the following arrangements.

DVM
DVM, a licensed, nonresident insurance agency in all states outside California, places all insurance written outside California with National Casualty Company (NCC), which is owned 100% by Mutual. Mutual also owns 100% of Scottsdale Insurance Company (SIC). NCC cedes 100% of the business generated through DVM to SIC. Effective January 1, 2011, VPI assumes 100% of the non-California business generated through DVM from SIC. Prior to this date, VPI assumed 80% of the non-California business generated through DVM from SIC. DVM collects premiums, pays losses, and receives an agency commission. DVM collects an agency commission from SIC and pays VPI a management fee for administrative services performed on behalf of DVM.

DVM collects premiums, pays losses, and receives an agency commission. DVM collects an agency commission from SIC and pays VPI a management fee for administrative services performed on behalf of DVM. Agency commission income totaled approximately $64.0 million and $58.3 million for the years ended December 31, 2015 and 2014, respectively, and is included as a reduction of other underwriting expenses. Ceding commission expense paid by VPI to SIC, also included in other underwriting expenses, totaled approximately $70.7 million and $64.4 million for the years ended December 31, 2015 and 2014, respectively.

In accordance with SSAP No. 97, VPI recorded its investment in DVM at the statutory equity of DVM. DVM, acquired by VPI in 2003, has a negative equity balance of approximately $(1.8) million at December 31, 2015 and 2014.

NOTES TO THE FINANCIAL STATEMENTS

VPIS

VPIS administers most non-insurance related programs for the Company. General and administrative operating expenses are apportioned to VPIS based on appropriate time studies, activity counts, expense sharing or other appropriate methods of allocation. Transactions between the Company and VPIS are settled according to the terms of their written agreement.

Beginning in 2012, VPIS offers administrative services to veterinary practices that offer and manage a monthly billed pet wellness program to pet owners. During the years ended December 31, 2015 and 2014, the Company made capital contributions of $5.0 million and $3.2 million, respectively, to VPIS for this business.

The Company recorded its investment in VPIS at the equity of VPIS. VPIS was acquired by the Company in 2005 and has a $0.9 million and a $1.6 million equity balance at December 31, 2015 and 2014, respectively. The investment in VPIS is nonadmitted for statutory reporting as of December 31, 2015.

The following information is a summary of the financial position of the Company's wholly owned subsidiaries, DVM and VPIS, as of and for the years ended December 31:

	2015		2014	
	DVM	VPIS	DVM	VPIS
Total Assets	$ 86,448,154	$ 2,794,411	$ 75,384,701	$ 2,010,849
Total Liabilities	$ 88,276,499	$ 1,878,159	$ 77,213,034	$ 366,696
Total Equity	$ (1,828,345)	$ 916,252	$ (1,828,333)	$ 1,644,156
Net Income (loss)	$ (12)	$ (5,727,904)	$ -	$ (4,404,376)

SIC / Mutual

The Company is a wholly-owned subsidiary of SIC. SIC is a wholly-owned subsidiary of Mutual

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 Company reported gross amounts of $13.1 million and $9.8 million due from parent and affiliates and $2.7 million and $2.7 million due to parent and affiliates at December 31, 2015 and 2014, 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.

F. Management, Service Contracts, Cost Sharing Arrangements

The Company and various affiliates share a home office, other facilities, equipment, common management and administrative services. 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 SAP. Measures used to determine the allocation among companies includes individual employee estimates of time spent, special cost studies, claims counts, policies in force, direct written premium, paid losses, pro rata share of employees or their salaries, and other methods agreed to by the participating companies. The Company does not believe amounts recognized under the intercompany agreement are materially different than what would have been recognized had the Company operated on a stand-alone basis.

G. Nature of Relationships that Could Affect Operations

Not applicable.

H. Amount Deducted for Investment in Upstream Company

Not applicable.

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

The Company does not hold any investments in affiliates.

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

During 2015, VPIS decided to discontinue offering its preventive and wellness services program, resulting in the recognition of a $12.8 million realized loss for the Company's investment in VPIS. The adjusted fair value of the Company's investment in VPIS was determined using estimated discounted cash flow analyses.

K. Investment in a foreign insurance subsidiary

Not applicable.

L. Downstream Holding Company

The Company does not hold any investments in affiliates.

M. Investments in non-insurance SCA entities

Not applicable.

N. Investments in insurance SCA entities

Not applicable.

Note 11 - Debt

A. All Other Debt

Not applicable.

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

Not applicable.

NOTES TO THE FINANCIAL STATEMENTS

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

A. Defined Benefit Plans

Not applicable.

B. Description of Investment Policies

Not applicable.

C. Fair Value of Plan Assets

Not applicable.

D. Rate of Return Assumptions

Not applicable.

E. Defined Contribution Plans

The Company's employees are covered by a qualified defined contribution 401(k) plan. The Company makes a vested matching contribution of 50% of each participating employee's contribution, to a maximum of 3% of each employee's compensation. The Company's contribution to the plan in 2015 and 2014 was approximately $704 thousand and $647 thousand respectively.

F. Multiemployer Plans

Not applicable.

G. Consolidated/Holding Company Plans

Not applicable.

H. Postemployment Benefits and Compensated Absences

The Company has no obligations to current or former employees for benefits after their employment but before their retirement other than for compensation related to earned vacation pay. The liability for earned but untaken vacation pay has been accrued. In the event of employment termination, any untaken vacation earned is immediately paid out to the former employee.

I. Impact of Medicare Modernization Act on Postretirement Benefits

Not applicable.

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

A. Outstanding Shares

The Company has 10,000,000 shares of $0.18 par value common stock authorized and 6,935,387 shares issued and outstanding as of December 31, 2015 and 2014.

The Company has no preferred stock authorized, issued or outstanding.

B. Dividend Rate of Preferred Stock

Not applicable.

C. Dividend Restrictions

The Company has restrictions affecting the payment of shareholder dividends imposed by insurance regulations. The maximum amount of dividends that can be paid without prior approval of the CADOI is limited to the greater of 10% of capital and surplus as regards policyholders as of the preceding year-end or 100% of net income for the previous year limited by the amount of unassigned surplus.

D. Dividends Paid

No dividends were paid by the Company during 2015 and 2014.

E. Profits Available for Ordinary Dividends

Not applicable.

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. Mutual Surplus Advances

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 losses is $15.3 million less applicable deferred tax benefits of $0.5 million for a net unrealized capital loss of $14.8 million.

NOTES TO THE FINANCIAL STATEMENTS

K. Surplus Notes

Not applicable.

L. and M. Quasi Reorganizations

Not applicable

Note 14 – Contingencies

A. Contingent Commitments

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

B. Guaranty Fund and Other Assessments

Not applicable.

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. Joint and Several Liabilities

Not applicable.

G. Other Contingencies

The Company had admitted assets of $104.7 million and $92.0 million at December 31, 2015 and 2014, respectively, in premiums receivable due from policyholders and agents. The Company routinely assesses the collectability of these receivables. Based upon Company experience, less than 1% of the balance may become uncollectible and the potential loss is not material to the Company's financial position.

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

The Company has no assets that it considers to be impaired.

Note 15 – Leases

A. Lessee Operating Leases

The Company entered a home office lease with a seven-year non-cancelable term effective December 1, 2011, with one five-year renewal option at the then market value. The Company leases an additional claims processing and customer care office under a non-cancelable thirty-eight month lease effective April 1, 2011, with one three-year renewal option at 95% of the then market value. The Company also leases furniture and equipment under various operating leases expiring through 2014. Total rent expense for 2015 and 2014 was approximately $1.9 million and $1.6 million, respectively.

1. Total annual rent commitments under all leases for years ending December 31 are:

Year Ending December 31		Operating Leases
2016	$	2,173,774
2017		2,051,349
2018		221,002
2019		224,713
2020		228,424
Thereafter		251,505
Total	$	5,150,767

2. The Company is not involved in any material sales-leaseback transactions.

B. Lessor Leasing Arrangements

Not applicable.

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

A. Financial Instruments with Off-Balance Sheet Risk

Not applicable.

B. Financial Instruments with Concentrations of Credit Risk

Not applicable.

C. Exposure to Credit-Related Losses

Not applicable.

D. Collateral Policy

Not applicable.

NOTES TO THE 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 securities lending activities during the current period.
2. No servicing assets or liabilities were recognized during the period.
3. No servicing assets or liabilities were recognized during the period.
4. There were no assets securitized during the period.
5. There were no transfers of financial assets accounted for as a secured borrowing.
6. There were no transfers of receivables with recourse.
7. There were no repurchase, reverse purchase, dollar repurchase, or reverse dollar repurchase agreements during the period.

C. Wash Sales

Not applicable.

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

A. Administrative Services Only (ASO) Plans

Not applicable.

B. Administrative Services Contract (ASC) Plans

Not applicable.

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable.

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

Not applicable.

Note 20 – Fair Value Measurements

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

The Company categorizes its financial assets and liabilities 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 Company categorizes financial assets and liabilities as follows:

Level 1. Unadjusted quoted prices accessible in active markets for identical assets or liabilities at the measurement date and mutual funds where the value per share (unit) is determined and published daily and is the basis for current transactions.

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. Primary inputs to this valuation technique may include comparative trades, bid/asks, interest rate movements, U.S. Treasury rates, U.S. LIBOR, prime rates, cash flows, maturity dates, call ability, estimated prepayments and/or underlying collateral values.

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. Primary inputs to this valuation technique include broker quotes and comparative trades.

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

To determine the fair value of bonds and stocks for which market quotations are available, independent pricing services are most often utilized. For these bonds and stocks, the Company obtains the pricing services' methodologies, inputs and assumptions and classifies the investments accordingly in the fair value hierarchy.

A corporate pricing matrix is used in valuing certain corporate bonds. The corporate pricing matrix was developed using publicly available spreads for privately placed corporate securities with varying weighted average lives and credit quality ratings. The weighted average life and credit quality rating of a particular 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 bond. The estimated market yield and other relevant factors are then used to estimate the fair value of the particular bond.

Non-binding broker quotes are also utilized to determine the fair value of certain bonds when quotes are not available from independent pricing services or a corporate pricing matrix. These bonds are classified accordingly in the fair value hierarchy 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. Inputs used in the development of prices are not provided to the Company by the brokers as the brokers often do not provide the necessary transparency into their quotes and methodologies. Broker quotes are subject to validation of price movements that require approval from the Company's management. Management uses its knowledge of the investment and current market conditions to determine if the price is indicative of the investment's fair value.

NOTES TO THE FINANCIAL STATEMENTS

The following table summarizes financial assets and liabilities measured at fair value as of December 31, 2015:

	Level 1	Level 2	Level 3	Total
Assets at Fair Value				
U.S. Government bonds	$ -	$ -	$ -	$ -
States, Territories and Possessions	-	-	-	-
Political subdivisions	-	-	-	-
Special revenues	-	-	-	-
Hybrid Securities	-	-	-	-
Credit tenant loans	-	-	-	-
Industrial & Misc.	-	2,488,750	-	2,488,750
Total Bonds	$ -	$ 2,488,750	$ -	$ 2,488,750
Sec Lending	-	-	-	-
Preferred Stocks	-	-	-	-
Common Stocks	-	-	-	-
Loans held for sale	-	-	-	-
Separate Account Assets	-	-	-	-
Derivative Assets	-	-	-	-
Total Assets at Fair Value	$ -	$ 2,488,750	$ -	$ 2,488,750
Liabilities at Fair Value				
Derivatives Liabilities	$ -	$ -	$ -	$ -
Total Liabilities at Fair Value	$ -	$ -	$ -	$ -

The following table summarizes aggregate carrying value and fair value, by level, for all financial assets and liabilities, excluding assets and liabilities reported at fair value, as of December 31, 2015:

	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Assets						
Bonds	$162,282,833	$160,822,464	$37,948,631	$124,334,202	$-	$-
Stocks	-	-	-	-	-	
Mortgage loans	-	-	-	-	-	
Short-term investments	13,040,683	13,040,683	13,040,683	-	-	
Derivative assets	-	-	-	-	-	
Policy loans	-	-	-	-	-	
Securities lending collateral assets[1]	-	-	-	-	-	
Total Assets	$175,323,516	$173,863,147	$50,989,314	$124,334,202	$-	$-
Liabilities						
Derivatives Liabilities	$-	$-	$-	$-	$-	
Total Liabilities	$-	$-	$-	$-	$-	

1 Includes nonadmitted assets

Note 21 - Other Items

A. Unusual or Infrequent Items

Not applicable.

B. Troubled Debt Restructuring for Debtors

Not applicable.

C. Other Disclosures

The Company re-domesticated from California to Ohio effective January 1, 2016.

Effective January 1, 2016, the Company entered into a 100% quota share reinsurance agreement with SIC. SIC then cedes this business into the Nationwide Pool through the reinsurance pooling agreement.

D. Business Interruption Insurance Recoveries

Not applicable.

E. State Transferable and Non-Transferable Tax Credits

Not applicable

F. Subprime Mortgage Related Risk Exposure

1. The Company evaluates many characteristics when classifying collateral as subprime, 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.

2. The company has no direct exposure through investments in subprime mortgage loans.

3. The company had no subprime exposure through other investments or affiliates.

4. The company has no exposure to subprime mortgage risk through Mortgage Guaranty or Financial Guaranty insurance coverage.

G. Insurance-Linked Securities

Not applicable.

NOTES TO THE FINANCIAL STATEMENTS

Note 22 - Events Subsequent

Type I – Recognized Subsequent Events:

Subsequent events have been considered through February 19, 2016 for the statutory statement issued on February 22, 2016.

There were no material Type I events occurring subsequent to the end of the year that merited recognition or disclosure in these statements that have not already been reflected as required.

Type II – Nonrecognized Subsequent Events:

Subsequent events have been considered through February 19, 2016 for the statutory statement issued on February 22, 2016.

There were no material Type II events occurring subsequent to the end of the year that merited disclosure in these statements that have not already been reflected as required.

Note 23 – Reinsurance

A. Unsecured Reinsurance Recoverables

Not applicable.

B. Reinsurance Recoverable in Dispute

Not applicable.

C. Reinsurance Assumed and Ceded and Protected Cells

1. The Company has no ceded reinsurance arrangements.

DVM has an agency agreement with NCC, a wholly-owned subsidiary of Mutual, that allows DVM to produce individual pet accident and health insurance policies in states other than California on policies issued by NCC. NCC pays DVM a 28.5% agency commission related to the production of non-California premium and cedes all business produced by DVM to SIC. The Company then assumes business from SIC. Effective January 1, 2011, the Company assumes 100% of the business generated through DVM and pays SIC a ceding commission of 31.5%. This reinsurance agreement covers all in force and future policies produced by DVM with effective dates of January 1, 2011 and subsequent. Prior to this date, the reinsurance agreement provided a quota sharing rate of 80% to the Company and 20% to SIC. Under this prior reinsurance agreement the Company paid SIC a ceding commission of 33.5%. This reinsurance agreement covered all in force and future policies produced by DVM with effective dates of January 1, 2003 to December 31, 2010.

(000's)	Assumed		Ceded		Assumed Less Ceded	
	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
a. Affiliates	$115,874	$38,458	$-	$-	$115,874	$38,458
b. All Others	-	-	-	-	-	-
c. Totals	$115,874	$38,458	$-	$-	$115,874	$38,458
d. Direct Unearned Premium Reserve			$26,872			

2. The Company has no agreements providing for return commissions based on loss experience.

3. The Company does not use protected cells as an alternative to traditional reinsurance.

D. Uncollectible Reinsurance

No reinsurance recoverables were written off during 2015.

E. Commutation of Ceded Reinsurance

The Company did not enter into any commutation during 2015.

F. Retroactive Reinsurance

There was no retroactive reinsurance affected during 2015.

G. Reinsurance Accounted for as a Deposit

There were no reinsurance agreements that were accounted for as deposits during 2015.

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.

I. Certified Reinsurer Rating Downgrades or Status Subject to Revocation

Not applicable.

J. Reinsurance Agreements Qualifying for Reinsurer Aggregation

Not applicable.

Note 24 - Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not applicable.

NOTES TO THE FINANCIAL STATEMENTS

Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses

(in thousands)	2015 Calendar Year Losses and LAE Incurred			2015 Loss Year		Loss & DCC	Impact of AO on
Line of Business	Losses Incurred	LAE Incurred	Totals	Losses and LAE Incurred	Shortage (Redundancy)	Shortage Redundancy)	Total Shortage (Redundancy)
Homeowners / Farmowners	$-	$-	$-	$-	$-	$-	$-
Commercial Multiple Peril	-	-	-	-	-	-	-
Workers' Compensation	-	-	-	-	-	-	-
Other Liability	-	-	-	-	-	-	-
Product Liability	-	-	-	-	-	-	-
Auto	-	-	-	-	-	-	-
All Others	176,550	9,574	186,124	183,725	2,399	3,590	(1,191)
Totals	$176,550	$9,574	$186,124	$183,725	$2,399	$3,590	$(1,191)

Note 26 - Intercompany Pooling Arrangements

As of December 31, 2015, the Company was not a participant in any intercompany pooling arrangement.

Note 27 - Structured Settlements

A. Reserves Released due to Purchases of Annuities

Not applicable.

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

Not applicable.

Note 28 - Health Care Receivables

A. Pharmaceutical Rebate Receivables

Not applicable.

B. Risk Sharing Receivables

Not applicable.

Note 29 – Participating Policies

Not applicable.

Note 30 - Premium Deficiency Reserves

The Company's liability for premium deficiency reserves as of December 31, 2015 is as follows:

1.	Liability carried for premium deficiency reserves	$0.00
2.	Date of the most recent evaluation of this liability	January 15, 2016
3.	Was anticipated investment income utilized in the calculation?	Yes

Note 31 – High Deductibles

Not applicable.

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

A. Tabular Discounts

Not applicable.

B. Non-Tabular Discounts

Not applicable.

C. Changes in Discount Assumptions

Not applicable.

Note 33 - Asbestos/Environmental Reserves

Not applicable.

Note 34 – Subscriber Savings Accounts

Not applicable.

Note 35 – Multiple Peril Crop Insurance

Not applicable.

Note 36 – Financial Guaranty Insurance

Not applicable.

FIVE-YEAR HISTORICAL DATA

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

	1 2015	2 2014	3 2013	4 2012	5 2011
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)					
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	277,046,782	253,047,639	231,247,878	216,145,948	219,766,611
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
6. Total (Line 35)	277,046,782	253,047,639	231,247,878	216,145,948	219,766,611
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)					
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	277,046,782	253,047,639	231,247,878	216,145,948	219,766,611
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
12. Total (Line 35)	277,046,782	253,047,639	231,247,878	216,145,948	219,766,611
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(9,900,344)	(1,062,139)	312,833	2,184,059	1,310,240
14. Net investment gain (loss) (Line 11)	(7,003,874)	5,494,916	5,220,084	5,151,415	4,779,104
15. Total other income (Line 15)	10,040,429	9,678,449	8,384,528	8,201,224	7,919,019
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)	2,603,081	4,668,881	5,195,790	5,880,511	6,383,302
18. Net income (Line 20)	(9,466,870)	9,442,345	8,721,655	9,656,187	7,625,061
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	296,004,025	281,341,331	258,739,875	240,092,186	226,385,396
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1)	4,588,377	3,405,827	2,627,944	2,274,407	2,102,217
20.2 Deferred and not yet due (Line 15.2)	100,143,503	88,557,889	78,870,329	71,191,268	66,415,852
20.3 Accrued retrospective premiums (Line 15.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 26)	196,365,052	177,392,673	167,743,806	155,976,692	151,981,327
22. Losses (Page 3, Line 1)	27,913,977	23,849,271	21,062,882	18,371,941	17,745,822
23. Loss adjustment expenses (Page 3, Line 3)	1,538,091	1,468,024	1,261,020	1,158,239	1,275,035
24. Unearned premiums (Page 3, Line 9)	142,745,904	129,923,945	117,936,112	109,748,214	103,601,739
25. Capital paid up (Page 3, Lines 30 & 31)	1,240,711	1,240,711	1,240,711	1,240,711	1,240,711
26. Surplus as regards policyholders (Page 3, Line 37)	99,638,973	103,948,658	90,996,069	84,115,494	74,404,069
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	9,448,547	3,722,996	13,753,594	14,415,430	17,777,493
Risk-Based Capital Analysis					
28. Total adjusted capital	99,638,973	103,948,658	90,996,069	84,115,494	74,404,069
29. Authorized control level risk-based capital	36,981,076	33,070,988	30,954,507	30,724,376	30,422,444
Percentage Distribution of Cash, Cash Equivalents and Invested Assets					
(Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1)	97.9	100.2	96.2	94.3	96.7
31. Stocks (Lines 2.1 & 2.2)	(1.1)	(1.1)	(1.2)	(1.3)	(2.1)
32. Mortgage loans on real estate (Lines 3.1 & 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	3.2	0.9	4.9	7.0	4.5
35. Contract loans (Line 6)					
36. Derivatives (Line 7)					
37. Other invested assets (Line 8)					
38. Receivable for securities (Line 9)					0.8
39. Securities lending reinvested collateral assets (Line 10)					
40. Aggregate write-ins for invested assets (Line 11)					
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 (Sch. D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	(912,092)	(184,177)	1,020,199	(11,648)	(2,792,930)
45. Affiliated short-term investments					
(subtotals included in Schedule DA, Verification, Column 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated					
48. Total of above lines 42 to 47	(912,092)	(184,177)	1,020,199	(11,648)	(2,792,930)
49. Total investment in parent included in Lines 42 to 47 above					
50. 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)	(0.9)	(0.2)	1.1	(0.0)	(3.8)

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2015	2 2014	3 2013	4 2012	5 2011
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	6,102,652	(4,382,287)	(2,445,433)	(10,254)	
52. Dividends to stockholders (Line 35)					
53. Change in surplus as regards policyholders for the year (Line 38)	(4,309,685)	12,952,589	6,880,575	9,711,425	3,389,734
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54. 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)					
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	172,485,526	148,879,453	134,548,421	124,858,225	110,129,699
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
59. Total (Line 35)	172,485,526	148,879,453	134,548,421	124,858,225	110,129,699
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. 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)					
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	172,485,526	148,879,453	134,548,421	124,858,225	110,129,699
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
65. Total (Line 35)	172,485,526	148,879,453	134,548,421	124,858,225	110,129,699
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2)	66.8	62.9	61.5	59.8	58.0
68. Loss expenses incurred (Line 3)	3.6	3.9	3.7	3.7	4.2
69. Other underwriting expenses incurred (Line 4)	33.3	33.6	34.7	35.5	37.3
70. Net underwriting gain (loss) (Line 8)	(3.7)	(0.4)	0.1	1.0	0.6
Other Percentages					
71. 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)	28.1	28.2	29.8	30.7	30.1
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	70.4	66.8	65.2	63.5	62.1
73. 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)	278.1	243.4	254.1	257.0	295.4
One Year Loss Development (000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	3,590	802	1,395	469	728
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100)	3.5	0.9	1.7	0.6	1.0
Two Year Loss Development (000 omitted)					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12)	1,661	1,647	1,396	628	2,108
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0)	1.8	2.0	1.9	0.9	3.5

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: