

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	1,226,387,518		1,226,387,518	1,206,805,037
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			0	
2.2 Common stocks.....	287,086,358		287,086,358	277,523,112
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 (\$....(73,327,210), Schedule E-Part 1), cash equivalents (\$.....0, Schedule E-Part 2) and short-term investments (\$....39,595,706, Schedule DA).....	(33,731,504)		(33,731,504)	(35,800,425)
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).....	9,356,865		9,356,865	11,887,552
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	1,489,099,237	0	1,489,099,237	1,460,415,276
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	10,400,936		10,400,936	11,470,116
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	589,050,899	26,514,933	562,535,966	476,827,657
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	247,859,369	279,928	247,579,441	118,994,365
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0).....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	192,111,654		192,111,654	153,971,369
16.2 Funds held by or deposited with reinsured companies.....	588,152		588,152	513,657
16.3 Other amounts receivable under reinsurance contracts.....	8,637,075		8,637,075	5,929,496
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.....	51,900,376	3,383,656	.48,516,720	.49,916,355
19. Guaranty funds receivable or on deposit.....	(18,504)		(18,504)	27,782
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.....	113,886,544		113,886,544	.24,672,340
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other-than-invested assets.....	12,979,510	2,991,618	9,987,892	10,521,973
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	2,716,495,248	33,170,135	2,683,325,113	2,313,260,386
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTAL (Lines 26 and 27).....	2,716,495,248	33,170,135	2,683,325,113	2,313,260,386

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	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501. Deposits and prepaid assets.....	.969,276	969,276	0	
2502. Funds held equity pools & associations.....	5,519,637		5,519,637	6,393,952
2503. Miscellaneous assets.....	3,148,502	501,093	2,647,409	2,593,875
2598. Summary of remaining write-ins for Line 25 from overflow page.....	3,342,095	1,521,249	1,820,846	1,534,146
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	12,979,510	2,991,618	9,987,892	10,521,973

SCOTTSDALE INSURANCE COMPANY
LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	484,144,500	443,230,814
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	113,527,907	123,453,060
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	90,174,456	89,396,660
4. Commissions payable, contingent commissions and other similar charges.....	15,567,508	16,447,878
5. Other expenses (excluding taxes, licenses and fees).....	4,818,833	4,643,208
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	3,607,370	4,681,335
7.1 Current federal and foreign income taxes (including \$....5,783,491 on realized capital gains (losses)).....	3,109,291	1,194,054
7.2 Net deferred tax liability.....		
8. Borrowed money \$.....0 and interest thereon \$.....0.....		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$....1,392,821,394 and including warranty reserves of \$....516,433 and accrued accident and health experience rating refunds including \$.....0 for medical loss ratio rebate per the Public Health Service Act).....	315,232,712	303,492,700
10. Advance premium.....	5,547,652	5,129,995
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....	578,001	606,862
12. Ceded reinsurance premiums payable (net of ceding commissions).....	712,194,515	488,224,137
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....	547,812	515,211
14. Amounts withheld or retained by company for account of others.....	11,788,401	13,175,623
15. Remittances and items not allocated.....	5,004,411	1,889,250
16. Provision for reinsurance (including \$.....0 certified) (Schedule F, Part 8).....	13,681,238	13,870,567
17. Net adjustments in assets and liabilities due to foreign exchange rates.....	281	871
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....	110,913,523	16,269,662
20. Derivatives.....		
21. Payable for securities.....		
22. Payable for securities lending.....	9,468,436	11,992,890
23. Liability for amounts held under uninsured plans.....		
24. Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	8,138,084	8,902,683
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	1,908,044,931	1,547,117,460
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	1,908,044,931	1,547,117,460
29. Aggregate write-ins for special surplus funds.....	0	0
30. Common capital stock.....	6,027,200	6,027,200
31. Preferred capital stock.....		
32. Aggregate write-ins for other-than-special surplus funds.....	0	0
33. Surplus notes.....		
34. Gross paid in and contributed surplus.....	173,973,300	173,973,300
35. Unassigned funds (surplus).....	595,279,682	586,142,426
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 30 \$.....0).....		
36.2 .....0.000 shares preferred (value included in Line 31 \$.....0).....		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39).....	775,280,182	766,142,926
38. TOTAL (Page 2, Line 28, Col. 3).....	2,683,325,113	2,313,260,386

DETAILS OF WRITE-INS

2501. Contingent suit liability.....	409,348	404,199
2502. Escrow liability.....	67,600	91,864
2503. Miscellaneous liabilities.....	736,798	741,987
2598. Summary of remaining write-ins for Line 25 from overflow page.....	6,924,338	7,664,633
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	8,138,084	8,902,683
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above).....	0	0
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page.....	0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above).....	0	0

SCOTTSDALE INSURANCE COMPANY
STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4).....	767,750,717	734,501,038
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7).....	501,138,961	451,813,689
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	72,312,412	70,089,184
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	247,993,289	247,600,767
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	821,444,662	769,503,640
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	(53,693,945)	(35,002,602)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	38,403,137	39,789,781
10. Net realized capital gains (losses) less capital gains tax of \$....5,783,491 (Exhibit of Capital Gains (Losses)).....	24,375,413	2,577,903
11. Net investment gain (loss) (Lines 9 + 10).....	62,778,550	42,367,684
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$....45,742 amount charged off \$....3,289,985).....	(3,244,243)	(2,925,369)
13. Finance and service charges not included in premiums.....	5,821,389	6,094,024
14. Aggregate write-ins for miscellaneous income.....	3,089,670	1,225,761
15. Total other income (Lines 12 through 14).....	5,666,816	4,394,416
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	14,751,421	11,759,498
17. Dividends to policyholders.....	526,212	640,572
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).....	14,225,209	11,118,926
19. Federal and foreign income taxes incurred.....	(2,799,023)	2,613,014
20. Net income (Line 18 minus Line 19) (to Line 22).....	17,024,232	8,505,912
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	766,142,926	764,851,827
22. Net income (from Line 20).....	17,024,232	8,505,912
23. Net transfers (to) from Protected Cell accounts.....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$....(2,831,090).....	(3,821,554)	(7,013,889)
25. Change in net unrealized foreign exchange capital gain (loss).....	127,059	(915,577)
26. Change in net deferred income tax.....	(936,093)	260,673
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....	(6,852,503)	2,099,438
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	189,329	994,571
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.....	3,406,786	(2,640,029)
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	9,137,256	1,291,099
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	775,280,182	766,142,926

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 through 0503 plus 0598) (Line 5 above).....	0	0
1401. Change in contingent suit liability.....	(5,149)	294,443
1402. Other income.....	3,094,819	931,318
1403.....		
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above).....	3,089,670	1,225,761
3701. Change in surplus miscellaneous.....	3,406,786	(2,640,029)
3702.....		
3703.....		
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above).....	3,406,786	(2,640,029)

SCOTTSDALE INSURANCE COMPANY

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	789,635,995	726,223,593
2. Net investment income.....	45,500,866	45,327,612
3. Miscellaneous income.....	2,884,744	(1,430,605)
4. Total (Lines 1 through 3).....	838,021,605	770,120,600
5. Benefit and loss related payments.....	508,326,134	414,919,145
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	321,260,329	315,841,695
8. Dividends paid to policyholders.....	555,073	539,135
9. Federal and foreign income taxes paid (recovered) net of \$....(335,236) tax on capital gains (losses).....	1,069,231	2,588,658
10. Total (Lines 5 through 9).....	831,210,767	733,888,633
11. Net cash from operations (Line 4 minus Line 10).....	6,810,838	36,231,967
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	251,587,659	134,658,883
12.2 Stocks.....		
12.3 Mortgage loans.....		1,803,272
12.4 Real estate.....		
12.5 Other invested assets.....		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	2,242	(539)
12.7 Miscellaneous proceeds.....	2,519,612	
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	254,109,513	136,461,616
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	255,120,375	212,862,642
13.2 Stocks.....	8,000,000	
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....		8,603,804
13.7 Total investments acquired (Lines 13.1 to 13.6).....	263,120,375	221,466,446
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(9,010,862)	(85,004,830)
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.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....		
16.6 Other cash provided (applied).....	4,268,945	41,934,083
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	4,268,945	41,934,083
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).....	2,068,921	(6,838,780)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	(35,800,425)	(28,961,645)
19.2 End of year (Line 18 plus Line 19.1).....	(33,731,504)	(35,800,425)

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

20.0001 Exchange of bond investment to bond investment.....	13,355,064	4,940,012
20.0002 Intercompany transfer of securities in.....	71,750,957	
20.0003 Intercompany transfer of securities out.....	71,750,957	

SCOTTSDALE INSURANCE COMPANY
UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire.....	8,844,297	4,670,137	4,554,422	8,960,012
2. Allied lines.....	13,196,447	6,500,552	6,273,222	13,423,777
3. Farmowners multiple peril.....	18,752,925	8,550,836	9,019,224	18,284,537
4. Homeowners multiple peril.....	128,454,265	66,794,864	68,121,261	127,127,868
5. Commercial multiple peril.....	99,655,256	48,831,313	47,940,275	100,546,294
6. Mortgage guaranty.....	0		0	0
8. Ocean marine.....	417,428	118,965	148,719	387,674
9. Inland marine.....	28,875,796	4,580,567	11,261,801	22,194,562
10. Financial guaranty.....	0		0	0
11.1 Medical professional liability - occurrence.....	1,026	22	(4)	1,052
11.2 Medical professional liability - claims-made.....	223,523	87,367	71,785	239,105
12. Earthquake.....	1,787,767	927,449	909,895	1,805,321
13. Group accident and health.....	8,106,644	10,005	11,278	8,105,371
14. Credit accident and health (group and individual).....	0		0	0
15. Other accident and health.....	31,104	19,693	17,787	33,010
16. Workers' compensation.....	19,162,613	8,937,165	8,463,647	19,636,131
17.1 Other liability - occurrence.....	53,854,280	23,483,768	24,130,850	53,207,198
17.2 Other liability - claims-made.....	17,742,196	7,240,645	8,573,411	16,409,430
17.3 Excess workers' compensation.....	0		0	0
18.1 Products liability - occurrence.....	4,293,520	2,036,857	1,994,024	4,336,353
18.2 Products liability - claims-made.....	15,731	18,914	4,930	29,715
19.1, 19.2 Private passenger auto liability.....	178,849,897	52,089,415	53,324,921	177,614,391
19.3, 19.4 Commercial auto liability.....	53,426,558	24,162,853	24,509,510	53,079,901
21. Auto physical damage.....	141,935,207	43,365,541	44,836,960	140,463,788
22. Aircraft (all perils).....	0		0	0
23. Fidelity.....	149,959	92,244	91,606	150,597
24. Surety.....	1,340,773	570,369	587,639	1,323,503
26. Burglary and theft.....	179,137	92,302	88,292	183,147
27. Boiler and machinery.....	(2,222)	(111,217)	(94,872)	(18,567)
28. Credit.....	5,804	14,714	13,449	7,069
29. International.....	0		0	0
30. Warranty.....	189,743	546,085	516,433	219,395
31. Reinsurance - nonproportional assumed property.....	0	(123,275)	(123,358)	83
32. Reinsurance - nonproportional assumed liability.....	0	809	809	0
33. Reinsurance - nonproportional assumed financial lines.....	0		0	0
34. Aggregate write-ins for other lines of business.....	0	0	0	0
35. TOTALS.....	779,489,674	303,508,959	315,247,916	767,750,717

DETAILS OF WRITE-INS

3401.	0		0	0
3402.	0		0	0
3403.	0		0	0
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above).....	0	0	0	0

SCOTTSDALE INSURANCE COMPANY
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.....	4,537,796	16,626			4,554,422
2. Allied lines.....	6,209,550	63,672			6,273,222
3. Farmowners multiple peril.....	9,019,224	-			9,019,224
4. Homeowners multiple peril.....	67,678,404	442,857			68,121,261
5. Commercial multiple peril.....	47,881,216	59,059			47,940,275
6. Mortgage guaranty.....		-			0
8. Ocean marine.....	148,109	610			148,719
9. Inland marine.....	11,244,756	17,045			11,261,801
10. Financial guaranty.....		-			0
11.1 Medical professional liability - occurrence.....	(4)	-			(4)
11.2 Medical professional liability - claims-made.....	71,785	-			71,785
12. Earthquake.....	903,951	5,944			909,895
13. Group accident and health.....	11,278	-			11,278
14. Credit accident and health (group and individual).....		-			0
15. Other accident and health.....	2,583	-		15,204	17,787
16. Workers' compensation.....	8,456,764	6,883			8,463,647
17.1 Other liability - occurrence.....	23,035,170	1,095,680			24,130,850
17.2 Other liability - claims-made.....	8,240,128	333,283			8,573,411
17.3 Excess workers' compensation.....					0
18.1 Products liability - occurrence.....	1,904,420	89,604			1,994,024
18.2 Products liability - claims-made.....	4,930	-			4,930
19.1, 19.2 Private passenger auto liability.....	53,324,914	7			53,324,921
19.3, 19.4 Commercial auto liability.....	24,484,920	24,590			24,509,510
21. Auto physical damage.....	44,831,448	5,512			44,836,960
22. Aircraft (all perils).....		-			0
23. Fidelity.....	59,995	31,611			91,606
24. Surety.....	429,142	158,497			587,639
26. Burglary and theft.....	88,180	112			88,292
27. Boiler and machinery.....	(94,890)	18			(94,872)
28. Credit.....	3	13,446			13,449
29. International.....		-			0
30. Warranty.....	.699	515,734			516,433
31. Reinsurance - nonproportional assumed property.....	(123,358)	-			(123,358)
32. Reinsurance - nonproportional assumed liability.....	.809	-			.809
33. Reinsurance - nonproportional assumed financial lines.....		-			0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0
35. TOTALS.....	312,351,922	2,880,790	0	15,204	315,247,916
36. Accrued retrospective premiums based on experience.....					(15,204)
37. Earned but unbilled premiums.....					0
38. Balance (sum of Lines 35 through 37).....					315,232,712

DETAILS OF WRITE-INS

3401.....					0
3402.....					0
3403.....					0
3498. Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above).....	0	0	0	0	0

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

SCOTTSDALE INSURANCE COMPANY
UNDERWRITING AND INVESTMENT EXHIBIT
PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....	49,918,846	15,399,917	.98	56,366,115	108,449	8,844,297
2. Allied lines.....	152,145,385	25,715,167	138,159	163,821,346	980,918	13,196,447
3. Farmowners multiple peril.....	2,606,103	18,797,485		2,650,663		18,752,925
4. Homeowners multiple peril.....	80,878,150	131,145,283	.277	83,190,733	378,712	128,454,265
5. Commercial multiple peril.....	363,092,049	209,749,757	3,803,609	475,649,378	1,340,781	99,655,256
6. Mortgage guaranty.....						0
8. Ocean marine.....		11,329,190		10,444,183	467,579	417,428
9. Inland marine.....	14,941,144	517,808,783		503,280,302	593,829	28,875,796
10. Financial guaranty.....						0
11.1 Medical professional liability - occurrence.....	31,925	1,026		31,925		1,026
11.2 Medical professional liability - claims-made.....	.876,753	4,934,851		5,588,081		223,523
12. Earthquake.....	10,475,201	1,952,368		10,629,803	.9,999	1,787,767
13. Group accident and health.....		.9,114,222		1,007,578		8,106,644
14. Credit accident and health (group and individual).....						0
15. Other accident and health.....		31,104				31,104
16. Workers' compensation.....		63,526,498		43,022,338	1,341,547	19,162,613
17.1 Other liability - occurrence.....	568,572,107	246,353,639	1	661,548,435	.99,523,032	53,854,280
17.2 Other liability - claims-made.....	285,800,724	296,477,461	6,376,169	440,074,160	130,837,998	17,742,196
17.3 Excess workers' compensation.....						0
18.1 Products liability - occurrence.....	24,881,102	6,425,198		26,114,445	898,335	4,293,520
18.2 Products liability - claims-made.....	.175,928	.226,865		393,280	(6,218)	15,731
19.1, 19.2 Private passenger auto liability.....		178,849,211		(686)		178,849,897
19.3, 19.4 Commercial auto liability.....	57,129,584	341,329,726	2,911	335,825,573	9,210,090	53,426,558
21. Auto physical damage.....	7,019,970	247,574,877	.46	112,606,396	.53,290	141,935,207
22. Aircraft (all perils).....						0
23. Fidelity.....	439	152,568		.3,048		149,959
24. Surety.....		2,786,998		349,318	1,096,907	1,340,773
26. Burglary and theft.....	.86,328	494,620		394,657	.7,154	179,137
27. Boiler and machinery.....	2,991,016	2,745,716		(25,347)	5,764,301	(2,222)
28. Credit.....	.800,674	19,548		.145,095	.669,323	.5,804
29. International.....						0
30. Warranty.....		27,210,673		4,743,585	.22,277,345	189,743
31. Reinsurance - nonproportional assumed property.....	XXX					0
32. Reinsurance - nonproportional assumed liability.....	XXX					0
33. Reinsurance - nonproportional assumed financial lines.....	XXX					0
34. Aggregate write-ins for other lines of business.....	.0	0	0	0	0	0
35. TOTALS.....	1,622,423,428	2,360,152,751	10,321,270	2,937,854,404	.275,553,371	779,489,674

DETAILS OF WRITE-INS

3401.....						0
3402.....						0
3403.....						0
3498. Summary of remaining write-ins for Line 34 from overflow page.....	.0	0	0	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above).....	.0	0	0	0	0	0

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

If yes: 1. The amount of such installment premiums \$.....0.

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire.....	40,486,040	12,224,722	45,693,655	7,017,107	2,910,327	2,537,008	7,390,426	82.5
2. Allied lines.....	46,948,272	17,148,919	53,583,771	10,513,420	3,256,199	2,488,609	11,281,010	84.0
3. Farmowners multiple peril.....	478,440	10,631,361	481,381	10,628,420	4,372,978	4,504,697	10,496,701	57.4
4. Homeowners multiple peril.....	45,532,373	74,854,918	46,673,858	73,713,433	26,284,021	24,266,428	75,731,026	59.6
5. Commercial multiple peril.....	165,128,904	142,784,654	258,542,918	49,370,640	84,054,907	78,381,624	55,043,923	54.7
6. Mortgage guaranty.....				0	0	0	0	0.0
8. Ocean marine.....		10,775,238	10,360,233	415,005	320,916	365,921	370,000	95.4
9. Inland marine.....	5,663,931	185,666,669	181,014,990	10,315,610	2,642,548	1,014,762	11,943,396	53.8
10. Financial guaranty.....				0	0	0	0	0.0
11.1 Medical professional liability - occurrence.....		78,229	28,831	49,398	32,494	104,604	(22,712)	(2,158.9)
11.2 Medical professional liability - claims-made.....		1,781,042	1,712,540	68,502	395,631	287,278	176,855	74.0
12. Earthquake.....		781		781	21,746	22,740	(213)	(0.0)
13. Group accident and health.....		5,330,829	119,186	5,211,643	46,403	45,236	5,212,810	64.3
14. Credit accident and health (group and individual).....				0	0	0	0	0.0
15. Other accident and health.....		107,379	24,516	82,863	81,523	114,711	49,675	150.5
16. Workers' compensation.....		27,787,730	18,415,012	9,372,718	45,608,584	45,989,233	8,992,069	45.8
17.1 Other liability - occurrence.....	285,261,291	167,632,494	429,121,736	23,772,049	85,253,732	77,154,784	31,870,997	59.9
17.2 Other liability - claims-made.....	60,666,727	72,697,475	129,658,566	3,705,636	11,077,282	10,305,953	4,476,965	27.3
17.3 Excess workers' compensation.....				0	0	0	0	0.0
18.1 Products liability - occurrence.....	26,005,495	5,476,260	29,458,508	2,023,247	7,006,688	5,965,187	3,064,748	70.7
18.2 Products liability - claims-made.....	50,201	2,206	50,392	2,015	4	9,842	(7,823)	(26.3)
19.1, 19.2 Private passenger auto liability.....		124,625,069	875	124,624,194	137,328,135	121,834,073	140,118,256	78.9
19.3, 19.4 Commercial auto liability.....	44,843,842	263,260,692	270,829,883	37,274,651	69,823,162	65,838,852	41,258,961	77.7
21. Auto physical damage.....	5,196,947	150,699,984	64,197,646	91,699,285	3,979,345	2,461,078	93,217,552	66.4
22. Aircraft (all perils).....		1		1	0	1	0	0.0
23. Fidelity.....		56,055		56,055	38,939	6,345	88,649	58.9
24. Surety.....		42,785		42,785	225,953	81,972	186,766	14.1
26. Burglary and theft.....	254,848	211,883	444,517	22,214	32,983	29,419	25,778	14.1
27. Boiler and machinery.....	1,259,411	407,448	1,664,593	2,266	2,483	32,996	(28,247)	152.1
28. Credit.....	849,357	12,800	854,768	7,389	3,600	24,520	(13,531)	(191.4)
29. International.....				0	0	0	0	0.0
30. Warranty.....		5,226,406	5,023,292	203,114	32,880	24,280	211,714	96.5
31. Reinsurance - nonproportional assumed property.....	XXX			0	(688,963)	(688,963)	0	0.0
32. Reinsurance - nonproportional assumed liability.....	XXX	30,837		30,837	0	27,627	3,210	0.0
33. Reinsurance - nonproportional assumed financial lines.....	XXX			0	0	0	0	0.0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0.0
35. TOTALS.....	728,626,079	1,279,554,866	1,547,955,667	460,225,278	484,144,500	443,230,817	501,138,961	65.3
DETAILS OF WRITE-INS								
3401.				0	0	0	0	0.0
3402.				0	0	0	0	0.0
3403.				0	0	0	0	0.0
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	XXX
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above).....	0	0	0	0	0	0	0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8	9
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	4 Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....	5,886,548	2,439,917	6,194,123	2,132,342	10,958,512	2,013,010	12,193,537	2,910,327	378,745
2. Allied lines.....	13,188,750	3,181,782	14,037,265	2,333,265	13,162,044	2,333,775	14,572,885	3,256,199	509,260
3. Farmowners multiple peril.....	490,705	3,613,935	510,705	3,593,935	316,651	1,077,084	614,692	4,372,978	1,047,744
4. Homeowners multiple peril.....	11,947,549	20,357,156	12,046,929	20,257,776	9,388,061	6,234,538	9,596,354	26,284,021	3,537,229
5. Commercial multiple peril.....	107,159,090	137,295,480	185,395,924	59,058,646	98,378,427	90,027,008	163,409,174	84,054,907	25,445,879
6. Mortgage guaranty.....				0				0	
8. Ocean marine.....		5,171,819	4,972,903	198,916	412	3,171,588	3,050,000	320,916	78,290
9. Inland marine.....	1,818,586	5,468,353	6,439,866	847,073	14,989	33,722,409	31,941,923	2,642,548	231,643
10. Financial guaranty.....				0				0	
11.1 Medical professional liability - occurrence.....	(60,000)	206,455	109,091	37,364	(59,593)	(4,870)	(59,593)	32,494	16,678
11.2 Medical professional liability - claims-made.....	1,015,550	5,111,755	5,891,639	235,666	593,166	3,565,901	3,999,102	395,631	265,875
12. Earthquake.....	200,000	8,320	200,000	8,320	36	13,426	36	21,746	8,475
13. Group accident and health.....				0		46,403	(a)	46,403	3,709
14. Credit accident and health (group and individual).....				0				0	
15. Other accident and health.....		131,568	71,748	59,820		21,703	(a)	81,523	4,354
16. Workers' compensation.....		62,185,888	26,714,867	35,471,021		46,077,686	35,940,123	45,608,584	4,458,478
17.1 Other liability - occurrence.....	577,191,357	289,769,760	822,150,215	44,810,902	559,391,274	283,206,805	802,155,249	85,253,732	17,163,558
17.2 Other liability - claims-made.....	70,286,865	31,924,126	99,393,791	2,817,200	115,146,789	235,732,246	342,618,953	11,077,282	8,581,946
17.3 Excess workers' compensation.....				0				0	
18.1 Products liability - occurrence.....	47,229,672	12,515,688	56,164,959	3,580,401	64,970,388	9,053,663	70,597,764	7,006,688	4,512,530
18.2 Products liability - claims-made.....				0		4		4	1,472
19.1, 19.2 Private passenger auto liability.....		100,663,274		100,663,274		36,664,838	(23)	137,328,135	13,795,057
19.3, 19.4 Commercial auto liability.....	38,182,592	290,694,379	282,234,618	46,642,353	35,645,349	203,829,845	216,294,385	69,823,162	8,214,796
21. Auto physical damage.....	399,376	15,214,179	9,345,310	6,268,245	1,041,212	794,398	4,124,510	3,979,345	1,781,318
22. Aircraft (all perils).....				0				0	
23. Fidelity.....		32,544		32,544		6,395		38,939	5,584
24. Surety.....		122,396	60	122,336		543,154	439,537	225,953	107,930
26. Burglary and theft.....	75,180	40,832	84,672	31,340		2,447	804	32,983	2,241
27. Boiler and machinery.....	83,404	32,398	148,410	(32,608)	402,064	67,012	433,985	2,483	21,974
28. Credit.....				0	72,092	(67,489)	1,003	3,600	
29. International.....				0				0	
30. Warranty.....				0	453,238	4,979,644	5,400,002	32,880	(40)
31. Reinsurance - nonproportional assumed property.....	XXX	(379,366)		(379,366)	XXX	(309,597)		(688,963)	(269)
32. Reinsurance - nonproportional assumed liability.....	XXX			0	XXX			0	
33. Reinsurance - nonproportional assumed financial lines.....	XXX			0	XXX			0	
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0	0
35. TOTALS.....	875,095,224	985,802,638	1,532,107,097	328,790,765	909,875,111	962,803,026	1,717,324,402	484,144,500	90,174,456

DETAILS OF WRITE-INS

3401.					0				0
3402.					0				0
3403.					0				0
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above).....	0	0	0	0	0	0	0	0	0

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

SCOTTSDALE INSURANCE COMPANY
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.....	189,725,595			189,725,595
1.2 Reinsurance assumed.....	135,740,881			135,740,881
1.3 Reinsurance ceded.....	298,262,202			298,262,202
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	27,204,274	0	0	27,204,274
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....		340,827,522		340,827,522
2.2 Reinsurance assumed, excluding contingent.....		409,188,971		409,188,971
2.3 Reinsurance ceded, excluding contingent.....		648,193,052		648,193,052
2.4 Contingent - direct.....		52,700,654		52,700,654
2.5 Contingent - reinsurance assumed.....		15,079,174		15,079,174
2.6 Contingent - reinsurance ceded.....		53,900,654		53,900,654
2.7 Policy and membership fees.....				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	0	115,702,615	0	115,702,615
3. Allowances to manager and agents.....	1,450	579,625		581,075
4. Advertising.....	25,186	12,753,195	7	12,778,388
5. Boards, bureaus and associations.....	69,868	406,233		476,101
6. Surveys and underwriting reports.....	94,032	5,361,301		5,455,333
7. Audit of assureds' records.....		187,818		187,818
8. Salary and related items:				
8.1 Salaries.....	28,179,178	50,470,075	47,083	78,696,336
8.2 Payroll taxes.....		7,059,551		7,059,551
9. Employee relations and welfare.....	5,987,903	3,714,224	11,525	9,713,652
10. Insurance.....	137,835	363,436		501,271
11. Directors' fees.....	20,623	83,876	6,026	110,525
12. Travel and travel items.....	1,887,044	3,010,819	2,383	4,900,246
13. Rent and rent items.....	1,632,473	6,873,866	549	8,506,888
14. Equipment.....	1,137,582	4,276,524	2,006	5,416,112
15. Cost or depreciation of EDP equipment and software.....	909,533	4,175,906	1	5,085,440
16. Printing and stationery.....	311,499	1,401,438	36	1,712,973
17. Postage, telephone and telegraph, exchange and express.....	683,711	2,098,392	10,406	2,792,509
18. Legal and auditing.....	704,298	7,175,303	1,458	7,881,059
19. Totals (Lines 3 to 18).....	41,782,215	109,991,582	81,480	151,855,277
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0.....		13,144,724		13,144,724
20.2 Insurance department licenses and fees.....		1,833,068		1,833,068
20.3 Gross guaranty association assessments.....		195,260		195,260
20.4 All other (excluding federal and foreign income and real estate).....		1,957,598		1,957,598
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....0.....	0	17,130,650	0	17,130,650
21. Real estate expenses.....				0
22. Real estate taxes.....		120,435		120,435
23. Reimbursements by uninsured plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	3,325,923	5,048,007	858,121	9,232,051
25. Total expenses incurred.....	72,312,412	247,993,289	939,601	(a).....321,245,302
26. Less unpaid expenses - current year.....	90,174,456	24,012,215		114,186,670
27. Add unpaid expenses - prior year.....	89,396,660	25,744,638		115,141,298
28. Amounts receivable relating to uninsured plans, prior year.....				0
29. Amounts receivable relating to uninsured plans, current year.....				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	71,534,617	249,725,712	939,601	322,199,931

DETAILS OF WRITE-INS

2401. Service fees.....		(1,453,434)		(1,453,434)
2402. Other expenses.....	2,954,122	(49,838)	857,581	3,761,865
2403. Outside services and income.....	371,801	6,549,880	540	6,922,221
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	1,399	0	1,399
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above).....	3,325,923	5,048,007	858,121	9,232,051

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

SCOTTSDALE INSURANCE COMPANY
EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....5,063,454	.....4,157,819
1.1 Bonds exempt from U.S. tax.....	(a).....8,119,090	.....7,552,386
1.2 Other bonds (unaffiliated).....	(a).....27,034,766	.....27,433,016
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....	.....
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	(c).....	.....
2.21 Common stocks of affiliates.....	(d).....	.....
3. Mortgage loans.....	(e).....121,135	.....121,135
4. Real estate.....	(f).....	.....
5. Contract loans.....	(g).....	.....
6. Cash, cash equivalents and short-term investments.....	(h).....	.....
7. Derivative instruments.....	(i).....	.....0
8. Other invested assets.....	(j).....2,822	.....2,822
9. Aggregate write-ins for investment income.....	(k).....942,423	.....942,423
10. Total gross investment income.....	(l).....38,403,136	.....38,403,136
11. Investment expenses.....	(m).....939,601	.....939,601
12. Investment taxes, licenses and fees, excluding federal income taxes.....	(n).....	.....
13. Interest expense.....	(o).....	.....
14. Depreciation on real estate and other invested assets.....	(p).....	.....0
15. Aggregate write-ins for deductions from investment income.....	(q).....	.....
16. Total deductions (Lines 11 through 15).....	(r).....	.....
17. Net investment income (Line 10 minus Line 16).....	(s).....	.....

DETAILS OF WRITE-INS

0901. Misc. Income.....	(1,418)	.....(1,418)
0902. Securities Lending.....	82,621	.....82,621
0903. ....	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page.....	0	.....0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above).....	81,203	.....81,203
1501. Misc. Exp.....	.....	.....2,822
1502. ....	.....	.....
1503. ....	.....	.....
1598. Summary of remaining write-ins for Line 15 from overflow page.....	0	.....0
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above).....	2,822	.....2,822

(a) Includes \$....730,838 accrual of discount less \$....6,759,987 amortization of premium and less \$....1,232,051 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.....	32,872,672	.....	32,872,672	.....(9,978,898)	.....
1.1 Bonds exempt from U.S. tax.....	.....0	.....	.....0	.....	.....
1.2 Other bonds (unaffiliated).....	(2,716,010)	.....	(2,716,010)	.....1,774,083	.....127,059
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.....	.....	.....	.....0	.....1,563,246	.....
3. Mortgage loans.....	.....	.....	.....0	.....	.....
4. Real estate.....	.....	.....	.....0	.....	.....
5. Contract loans.....	.....	.....	.....0	.....	.....
6. Cash, cash equivalents and short-term investments.....	2,242	.....	2,242	.....	.....
7. Derivative instruments.....	.....	.....	.....0	.....	.....
8. Other invested assets.....	.....	.....	.....0	.....	.....
9. Aggregate write-ins for capital gains (losses).....	0	0	0	.....(11,075)	.....0
10. Total capital gains (losses).....	30,158,904	0	30,158,904	.....(6,652,644)	.....127,059

DETAILS OF WRITE-INS

0901. Securities Lending.....	.....0	.....(11,075)	.....
0902. ....	.....	.....	.....
0903. ....	.....	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page.....	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above).....	0	0	0

SCOTTSDALE INSURANCE COMPANY
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.....			0
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).....	0	0	0
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.....	26,514,933	23,117,012	(3,397,921)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	279,928	383,047	103,119
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.....	3,383,656	89,023	(3,294,633)
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.....		227	227
24. Health care and other amounts receivable.....			0
25. Aggregate write-ins for other-than-invested assets.....	2,991,618	2,728,323	(263,295)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	33,170,135	26,317,632	(6,852,503)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0
28. TOTALS (Lines 26 and 27).....	33,170,135	26,317,632	(6,852,503)

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 through 1103 plus 1198) (Line 11 above).....	0	0	0
2501. Deposits and prepaid assets.....	969,276	657,256	(312,020)
2502. Miscellaneous assets.....	501,093	231,843	(269,250)
2503. Other assets nonadmitted.....	1,498,053	1,827,783	329,730
2598. Summary of remaining write-ins for Line 25 from overflow page.....	23,196	11,441	(11,755)
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	2,991,618	2,728,323	(263,295)

NOTES TO THE FINANCIAL STATEMENTS**Note 1 – Summary of Significant Accounting Policies and Going Concern****A. Accounting Practices**

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

The Ohio Department of Insurance 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 NAIC's *Accounting Practices and Procedures Manual* (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Ohio. 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 Ohio is shown below:

	SSAP #	F/S Page	F/S Line #	2016	2015
<u>Net Income</u>					
Scottsdale Insurance Company state basis (Page 4, Line 20, (1) Columns 1 & 2)	XXX	XXX	XXX	\$ 17,024,232	\$ 8,505,912
(2) State Prescribed Practices that increase/(decrease) NAIC SAP				-	-
(3) State Permitted Practices that increase/(decrease) NAIC SAP				-	-
(4) NAIC SAP (1-2-3=4)	XXX	XXX	XXX	\$ <u>17,024,232</u>	\$ <u>8,505,912</u>
<u>Surplus</u>					
Scottsdale Insurance Company state basis (Page 3, Line 37, (5) Columns 1 & 2)	XXX	XXX	XXX	\$ 775,280,182	\$ 766,142,926
(6) State Prescribed Practices that increase/(decrease) NAIC SAP				-	-
(7) State Permitted Practices that increase/(decrease) NAIC SAP				-	-
(8) NAIC SAP (5-6-7=8)	XXX	XXX	XXX	\$ <u>775,280,182</u>	\$ <u>766,142,926</u>

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

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

The Company provides for federal income taxes based on amounts the Company believes it will ultimately owe. Inherent in the provision for federal income taxes are estimates regarding the deductibility of certain items and the realization of certain tax credits. In the event the ultimate deductibility of certain items 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 income taxes. Under this method, deferred tax assets (DTA), net of any non-admitted portion and statutory valuation allowance, 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. DTAs 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, excluding the impact of taxes on unrealized capital gains or losses and nonadmitted deferred taxes, is charged directly to surplus.

Reinsurance Recoverables. The Company cedes insurance to other companies in order to limit potential losses and diversify its exposure. Such agreements do not relieve the Company of its primary obligation to the policyholder in the event the reinsurer is unable to meet the obligations it has assumed. The Company monitors the financial condition of reinsurers on an ongoing basis and reviews its reinsurance agreements regularly in an attempt to minimize its exposure to significant losses from reinsurer insolvencies. 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 losses are estimated in a manner consistent with the claim liability associated with the underlying policy. Such reinsurance recoverables and reserved deductions partially offset claim costs in the Company's statutory statements of operations and are included as an offset to losses and loss expense reserves in the accompanying statutory statements of admitted assets, liabilities and surplus. There were no contracts using deposit accounting as of December 31, 2016 and 2015.

Statutory accounting principles require recognition of a minimum liability for certain unsecured or overdue reinsurance recoverables. The conditional reserves were \$13,681,238 and \$13,870,567 as of December 31, 2016 and 2015, respectively.

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 reported at fair value.
4. Redeemable preferred stocks are stated at amortized cost except those with an NAIC designation of "3" through "6" which are stated at the lower of amortized cost or fair value. Perpetual preferred stocks are stated at fair value except those with an NAIC designation of "3" through "6" which are stated at the lower of amortized cost or fair value.
5. Mortgage loans are carried at the unpaid principal balance adjusted for premiums, discounts, less a valuation allowance. The valuation allowance for mortgage loans reflects management's best estimate of probable credit losses.

NOTES TO THE FINANCIAL STATEMENTS

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:

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 audited statutory surplus 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. Unaudited affiliated companies of the reporting entity or its affiliates are non-admitted under prescribed SAP accounting practices. Goodwill arising from the acquisition of affiliated companies is amortized over a period of ten years. Unamortized goodwill at December 31, 2016 and 2015 was \$4.7 million and \$7.5 million respectively, which was fully admitted based upon adjusted policyholder surplus.

8. Other invested assets consist primarily of alternative investments in hedge funds, private equity funds, private and emerging market debt funds, tax credit funds and real estate partnerships. Except for investments in certain tax credit funds, these investments are recorded 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. Gains and losses are generally recognized through income at the time of disposal or when operating distributions are received. Partnership interests in tax credit funds are held at amortized cost with amortization charged to investment income over the period in which the tax benefits, primarily credits, are utilized.

9. Accounting for derivatives

Not applicable.

10. Insurance premiums are generally earned ratably over the policy term. The liability for unearned premiums represents the portion of premiums written relating to the unexpired terms of coverage. Such reserves are computed by pro rata methods for direct business and are based on reports received from ceding companies for reinsurance assumed. Premiums in course of collection represent agent balances and uncollected premiums from policyholders for current policies in force and policy premiums assumed from others, including amounts placed with affiliates. As of December 31, 2016 and 2015, the Company had no liabilities related to premium deficiency reserves. The Company policy allows for anticipated investment income to be included when calculating its premium deficiency reserves, in accordance with SSAP No. 53, Property-Casualty Contracts – Premiums. However, as of December 31, 2016 and 2015, anticipated investment income was not included in the premium deficiency reserves calculation. See Note 30 for details.

11. The Company establishes losses and loss expense reserves for reported claims and claims incurred but not yet reported (IBNR). 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. Not applicable as the Company does not write major medical insurance with prescription drug coverage.

D. Going Concern

Not applicable.

Note 2 - Accounting Changes and Corrections of Errors

Not applicable.

Note 3 - Business Combinations and Goodwill

A. Statutory Purchase Method

1. On December 31, 2008, the 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 as set forth in the Transfer and Assumption Agreement, and all of its liabilities to and assumed by Traveler's as of the date of the sale to the Company. The purchase of Atlantic by the 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 (FSIC).

In July 2008, the 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.

2. The two transactions above were accounted for as statutory purchases.
3. The cost of the FSIC 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.
4. Goodwill amortization for the year ended December 31, 2016 related to the purchases of FSIC and VPI was \$0.7 million and \$2.1 million, respectively.

B. Statutory Merger

Not applicable.

NOTES TO THE FINANCIAL STATEMENTS**C. Impairment Loss**

Not applicable.

Note 4 – Discontinued Operations

Not applicable.

Note 5 – Investments**A. Mortgage Loans**

1-6 Not applicable.

7. Allowance for credit losses:

	December 31, 2016	December 31, 2015
(a) Balance at beginning of period	\$ -	\$ 1,253
(b) Additions charged to operations	- -	-
(c) Direct write-downs charged against the allowances	- -	(1,253)
(d) Recoveries of amounts previously charged off	- -	-
(e) Balances at end of period	<u>\$ -</u>	<u>\$ -</u>

8. The Company accrues interest income on impaired loans to the extent it is deemed collectible (delinquent less than 90 days) and the loan continue 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

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	\$ (1,276,592)
2. 12 Months or Longer	\$ (51,592)

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

1. Less than 12 Months	\$ 137,763,563
2. 12 Months or Longer	\$ 5,616,954

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. Repurchase Agreements and Securities Lending Transactions

1. For repurchase agreements, the Company policy requires that the reporting entity receive collateral having a fair value of at least 95% of the fair value of the securities transferred.

For reverse repurchase agreements, the Company policy requires that the reporting entity receive as collateral transferred securities having a fair value at least equal to 102% of the purchase price paid by the reporting entity for the securities.

The Company's securities lending agreement requires a minimum of 102% of the fair value of loaned securities to be held as collateral. Cash collateral received is invested in short-term investments and reported on the Asset page as Securities Lending Reinvested Collateral assets. The offsetting collateral liability is reported in the Payable for Securities Lending line on the Liabilities page.

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

NOTES TO THE FINANCIAL STATEMENTS

3. Collateral Received

a. Aggregate Amount Cash Collateral Received

	<u>Fair Value</u>
1. Repurchase Agreement - Not applicable	
2. Securities Lending	
(a) Open	\$ 9,468,436
(b) 30 Days or Less	-
(c) 31 to 60 Days	-
(d) 61 to 90 Days	-
(e) Greater Than 90 Days	-
(f) Subtotal	<u>\$ 9,468,436</u>
(g) Securities Received	<u>3,650,393</u>
(h) Total Collateral Received	<u><u>\$ 13,118,829</u></u>

3. Dollar Repurchase Agreement - Not applicable

- b. The fair value of that collateral and of the portion of that collateral that it has sold or repledged: \$9,356,865.
- c. The reporting entity receives primarily cash collateral in an amount in excess of the fair value of the securities lent. The reporting entity invests the cash collateral (primarily in short-term investments) to earn additional yield.

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

5. Collateral Reinvestment

a. Aggregate Amount Cash Collateral Reinvested

	<u>Amortized Cost</u>	<u>Fair Value</u>
1. Repurchase Agreement - Not applicable.		
2. Securities Lending		
(a) Open	\$ -	\$ -
(b) 30 Days or Less	9,276,509	9,276,509
(c) 31 to 60 Days	-	-
(d) 61 to 90 Days	-	-
(e) 91 to 120 Days	-	-
(f) 121 to 180 Days	-	-
(g) 181 to 365 Days	-	-
(h) 1 to 2 years	-	-
(i) 2 to 3 years	-	-
(j) Greater Than 3 years	99,444	80,356
(k) Subtotal	<u>\$ 9,375,953</u>	<u>\$ 9,356,865</u>
(l) Securities Received	-	-
(m) Total Collateral Reinvested	<u><u>\$ 9,375,953</u></u>	<u><u>\$ 9,356,865</u></u>

3. Dollar Repurchased Agreement - Not applicable.

- b. Since 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.
- 6. The Company has accepted collateral that is not permitted by contract or custom to repledge or sell. The fair value of the securities received as collateral was \$3,650,393.

7. There are no securities lending transactions that extend beyond one year.

F. Real Estate

Not applicable.

G. Low-Income Housing Tax Credits

Not applicable.

NOTES TO THE FINANCIAL STATEMENTS

H. Restricted Assets

1. Restricted Assets (Including Pledged)

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted						6	7		
	Current Year					6				
	1	2	3	4	5					
Restricted Asset Category	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (5 minus 6)			
a. Subject to contractual obligation for which liability is not shown	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-		
b. Collateral held under security lending agreements	13,118,828	-	-	-	13,118,828	11,887,552	1,231,276			
c. Subject to repurchase agreements	-	-	-	-	-	-	-	-		
d. Subject to reverse repurchase agreements	-	-	-	-	-	-	-	-		
e. Subject to dollar repurchase agreements	-	-	-	-	-	-	-	-		
f. Subject to dollar reverse repurchase agreements	-	-	-	-	-	-	-	-		
g. Placed under option contracts	-	-	-	-	-	-	-	-		
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock	-	-	-	-	-	-	-	-		
i. FHLB capital stock	-	-	-	-	-	-	-	-		
j. On deposit with states	6,048,396	-	-	-	6,048,396	6,099,604	(51,208)			
k. On deposit with other regulatory bodies	5,503,644	-	-	-	5,503,644	4,531,609	972,035			
l. Pledged as collateral to FHLB (including assets backing funding agreements)	-	-	-	-	-	-	-	-		
m. Pledged as collateral not captured in other categories	-	-	-	-	-	-	-	-		
n. Other restricted assets	-	-	-	-	-	17,144,738	(17,144,738)			
o. Total Restricted Assets	\$24,670,868	\$-	\$-	\$-	\$24,670,868	\$39,663,503	\$(-14,992,635)			

(a) Subset of Column 1

(b) Subset of Column 3

NOTES TO THE FINANCIAL STATEMENTS

Restricted Asset Category	Current Year				
	8 Total Nonadmitted Restricted	9 Total Admitted Restricted (5 minus 8)	Percentage		
			10 Gross (Admitted & Nonadmitted) Restricted to Total Assets (c)	11 Admitted Restricted to Total Admitted Assets (d)	
a. Subject to contractual obligation for which liability is not shown	\$-	\$-	0.00%	0.00%	
b. Collateral held under security lending agreements	-	13,118,828	0.48%	0.49%	
c. Subject to repurchase agreements	-	-	0.00%	0.00%	
d. Subject to reverse repurchase agreements	-	-	0.00%	0.00%	
e. Subject to dollar repurchase agreements	-	-	0.00%	0.00%	
f. Subject to dollar reverse repurchase agreements	-	-	0.00%	0.00%	
g. Placed under option contracts	-	-	0.00%	0.00%	
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock	-	-	0.00%	0.00%	
i. FHLB capital stock	-	-	0.00%	0.00%	
j. On deposit with states	-	6,048,396	0.22%	0.23%	
k. On deposit with other regulatory bodies	-	5,503,644	0.20%	0.21%	
l. Pledged as collateral to FHLB (including assets backing funding agreements)	-	-	0.00%	0.00%	
m. Pledged as collateral not captured in other categories	-	-	0.00%	0.00%	
n. Other restricted assets	-	-	0.00%	0.00%	
o. Total Restricted Assets	\$-	\$24,670,868	0.91%	0.92%	

(c) Column 5 divided by Asset Page, Column 1, Line 28

(d) Column 9 divided by Asset Page, Column 3, Line 28

2. Detail of Assets Pledged as Collateral Not Captured in Other Categories (Contracts that Share Similar Characteristics, Such as Reinsurance and Derivatives, Are Reported in the Aggregate)

Not applicable.

3. Detail of Other Restricted Assets (Contracts that Share Similar Characteristics, Such as Reinsurance and Derivatives, Are Reported in the Aggregate)

Description of Assts	Gross (Admitted & Nonadmitted) Restricted						8	Percentage		
	Current Year					6		9	10	
	1	2	3	4	5					
Description of Assts	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (5 minus 6)	Total Current Year Admitted Restricted	Gross (Admitted & Nonadmitted) Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
Loaned to others under conforming securities lending program	\$-	\$-	\$-	\$-	\$-	\$17,144,738	\$(17,144,738)	\$-	0.00%	0.00%
Total (c)	\$-	\$-	\$-	\$-	\$-	\$17,144,738	\$(17,144,738)	\$-	0.00%	0.00%

(a) Subset of Column 1

(b) Subset of Column 3

(c) Total Line for Columns 1 through 7 should equal 5H(1)n Columns 1 through 7 respectively and Total Line for Columns 8 through 10 should equal 5H(1)n Columns 9 through 11 respectively

4. Collateral Received and Reflected as Assets Within the Reporting Entity's Financial Statements

Not applicable.

I. Working Capital Finance Investments

Not applicable.

J. Offsetting and Netting of Assets and Liabilities

No assets or liabilities are offset and reported net in accordance with a valid right to offset per SSAP No 64, Offsetting and Netting of Assets and Liabilities.

NOTES TO THE FINANCIAL STATEMENTS

K. Structured Notes

CUSIP Identification	Actual Cost	Fair Value	Book/Adjusted Carrying Value	Mortgage- Referenced Security (YES/NO)
391164AF7	\$ 5,664,400	\$ 5,422,360	\$ 5,467,692	No
71884WAN1	2,309,100	3,557,160	3,189,177	No
912810RR1	10,845,494	9,906,928	10,879,082	No
912828H45	23,073,946	22,583,769	23,156,390	No
912828LA6	51,723,116	60,273,050	56,991,578	No
912828N71	63,734,777	61,634,502	63,952,327	No
912810FR4	56,388,529	73,622,969	64,035,756	No
Total	\$ 213,739,361	\$ 237,000,737	\$ 227,672,001	

L. 5* Securities

Not applicable.

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

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

Not applicable.

B. Write-downs for Impairments

Not applicable

Note 7 - Investment Income

A. Accrued Investment Income

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

B. Amounts Nonadmitted

The total amount of investment income nonadmitted at December 31, 2016 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, 2016		
	Ordinary	Capital	Total
(1a) Gross deferred tax assets	\$ 51,632,117	\$ 541,004	\$ 52,173,121
(1b) Statutory valuation allowance adjustment	-	-	-
(1c) Adjusted gross deferred tax assets	\$ 51,632,117	\$ 541,004	\$ 52,173,121
(1d) Deferred tax assets nonadmitted	3,139,701	243,955	3,383,656
(1e) Subtotal net admitted deferred tax asset	\$ 48,492,416	\$ 297,049	\$ 48,789,465
(1f) Deferred tax liabilities	241,750	30,995	272,745
(1g) Net admitted deferred tax asset/(net deferred tax liability)	\$ 48,250,666	\$ 266,054	\$ 48,516,720

	December 31, 2015		
	Ordinary	Capital	Total
(1a) Gross deferred tax assets	\$ 49,115,768	\$ 8,237,740	\$ 57,353,508
(1b) Statutory valuation allowance adjustment	-	-	-
(1c) Adjusted gross deferred tax assets	\$ 49,115,768	\$ 8,237,740	\$ 57,353,508
(1d) Deferred tax assets nonadmitted	89,023	-	89,023
(1e) Subtotal net admitted deferred tax asset	\$ 49,026,745	\$ 8,237,740	\$ 57,264,485
(1f) Deferred tax liabilities	337,905	7,010,225	7,348,130
(1g) Net admitted deferred tax asset/(net deferred tax liability)	\$ 48,688,840	\$ 1,227,515	\$ 49,916,355

	Change		
	Ordinary	Capital	Total
(1a) Gross deferred tax assets	\$ 2,516,349	\$ (7,696,736)	\$ (5,180,387)
(1b) Statutory valuation allowance adjustment	-	-	-
(1c) Adjusted gross deferred tax assets	\$ 2,516,349	\$ (7,696,736)	\$ (5,180,387)
(1d) Deferred tax assets nonadmitted	3,050,678	243,955	3,294,633
(1e) Subtotal net admitted deferred tax asset	\$ (534,329)	\$ (7,940,691)	\$ (8,475,020)
(1f) Deferred tax liabilities	(96,155)	(6,979,230)	(7,075,385)
(1g) Net admitted deferred tax asset/(net deferred tax liability)	\$ (438,174)	\$ (961,461)	\$ (1,399,635)

NOTES TO THE FINANCIAL STATEMENTS**Admission Calculation Components SSAP No. 101**

	December 31, 2016		
	Ordinary	Capital	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)	\$ 48,250,666	\$ 266,054	\$ 48,516,720
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	\$ 48,250,666	\$ 266,054	\$ 48,516,720
2. Adjusted gross deferred tax assets allowed per limit threshold	XXX	XXX	\$ 108,986,120
(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	\$ 241,750	\$ 30,995	\$ 272,745
(2d) Deferred tax assets admitted as the result of application of SSAP No. 101 Total ((2a) + (2b) + (2c))	\$ 48,492,416	\$ 297,049	\$ 48,789,465
December 31, 2015			
	Ordinary	Capital	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)	\$ 45,492,660	\$ 4,423,695	\$ 49,916,355
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	\$ 45,492,660	\$ 4,423,695	\$ 49,916,355
2. Adjusted gross deferred tax assets allowed per limit threshold	XXX	XXX	\$ 107,433,986
(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	\$ 3,534,085	\$ 3,814,045	\$ 7,348,130
(2d) Deferred tax assets admitted as the result of application of SSAP No. 101 Total ((2a) + (2b) + (2c))	\$ 49,026,745	\$ 8,237,740	\$ 57,264,485
Change			
	Ordinary	Capital	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)	\$ 2,758,006	\$ (4,157,641)	\$ (1,399,635)
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	\$ 2,758,006	\$ (4,157,641)	\$ (1,399,635)
2. Adjusted gross deferred tax assets allowed per limit threshold	XXX	XXX	\$ 1,552,134
(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	\$ (3,292,335)	\$ (3,783,050)	\$ (7,075,385)
(2d) Deferred tax assets admitted as the result of application of SSAP No. 101 Total ((2a) + (2b) + (2c))	\$ (534,329)	\$ (7,940,691)	\$ (8,475,020)
December 31, 2016		December 31, 2015	
(3a) Ratio percentage used to determine recovery period and threshold limitation amount		794.065%	591.025%
(3b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in (2b)2 above	\$ 726,763,462	\$ 716,226,571	

NOTES TO THE FINANCIAL STATEMENTS**Impact of Tax Planning Strategies**

	December 31, 2016		
	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)	\$ 51,632,117	\$ 541,004	\$ 52,173,121
(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)	\$ 48,492,416	\$ 297,049	\$ 48,789,465
(4) Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of planning strategies	0.00%	0.55%	0.55%
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)	\$ 49,115,768	\$ 8,237,740	\$ 57,353,508
(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)	\$ 49,026,745	\$ 8,237,740	\$ 57,264,485
(4) Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of planning strategies	0.00%	8.86%	8.86%
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)	\$ 2,516,349	\$ (7,696,736)	\$ (5,180,387)
(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)	\$ (534,329)	\$ (7,940,691)	\$ (8,475,020)
(4) Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of planning strategies	0.00%	-8.31%	-8.31%
(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, 2016		December 31, 2015		Change
	Ordinary	Capital	Ordinary	Capital	
1. Current Income Tax					
(a) Federal	\$ (2,799,023)	\$ 2,613,014	\$ (2,613,014)	\$ (5,412,037)	
(b) Foreign	-	-	-	-	
(c) Subtotal	\$ (2,799,023)	\$ 2,613,014	\$ (2,613,014)	\$ (5,412,037)	
(d) Federal income tax on net capital gains	5,783,491	(335,236)	(335,236)	6,118,727	
(e) Utilization of capital loss carry-forwards	-	-	-	-	
(f) Other	-	-	-	-	
(g) Federal and foreign income taxes incurred	\$ 2,984,468	\$ 2,277,778	\$ 2,277,778	\$ 706,690	

NOTES TO THE FINANCIAL STATEMENTS

		December 31, 2016	December 31, 2015	Change
2. Deferred Tax Assets				
(a) Ordinary:				
(1) Discounting of unpaid losses	\$ 9,820,752	\$ 10,170,701	\$ (349,949)	
(2) Unearned premium reserve	22,163,923	21,333,144	830,779	
(3) Policyholder reserves	-	-	-	
(4) Investments	5,267	305	4,962	
(5) Deferred acquisition costs	-	-	-	
(6) Policyholder dividends accrual	-	-	-	
(7) Fixed Assets	-	-	-	
(8) Compensation benefits accrual	5,447,530	6,407,831	(960,301)	
(9) Pension accrual	1,381,562	760,526	621,036	
(10) Receivables - nonadmitted	524,319	639,804	(115,485)	
(11) Net operating loss carry-forward	1,496,904	550,172	946,732	
(12) Tax credit carry-forward	-	-	-	
(13) Other (including items <5% of total ordinary tax assets)	1,413,659	1,028,264	385,395	
(14) Nonadmitted miscellaneous	-	-	-	
(15) Intangibles	-	-	-	
(16) Capitalized R&E	-	-	-	
(17) Nonadmitted premiums and agent bal	9,378,201	8,225,021	1,153,180	
(18) Premium deficiency reserve	-	-	-	
(99) Subtotal	\$ 51,632,117	\$ 49,115,768	\$ 2,516,349	
(b) Statutory valuation allowance adjustment	\$ -	\$ -	\$ -	
(c) Nonadmitted	3,139,701	89,023	3,050,678	
(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	\$ 48,492,416	\$ 49,026,745	\$ (534,329)	
(e) Capital:				
(1) Investments	\$ 541,004	\$ 8,237,740	\$ (7,696,736)	
(2) Net capital loss carry-forward	-	-	-	
(3) Real estate	-	-	-	
(4) Other (including items <5% of total capital tax assets)	-	-	-	
(99) Subtotal	\$ 541,004	\$ 8,237,740	\$ (7,696,736)	
(f) Statutory valuation allowance adjustment	\$ -	\$ -	\$ -	
(g) Nonadmitted	243,955	-	243,955	
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)	\$ 297,049	\$ 8,237,740	\$ (7,940,691)	
(i) Admitted deferred tax assets (2d + 2h)	\$ 48,789,465	\$ 57,264,485	\$ (8,475,020)	
3. Deferred Tax Liabilities				
(a) Ordinary:				
(1) Investments	\$ -	\$ -	\$ -	
(2) Fixed assets	-	-	-	
(3) Deferred and uncollected premium	-	-	-	
(4) Policyholder reserves	-	-	-	
(5) Other (including items <5% of total ordinary tax liabilities)	31,894	23,122	8,773	
(6) Compensation and benefits accrual	-	-	-	
(7) Guaranty assessments	-	-	-	
(8) Agent acquisitions	-	-	-	
(9) Surplus note interest accrual	-	-	-	
(10) Pension accrual	-	-	-	
(11) Other liabilities	209,856	314,783	(104,927)	
(12) Unrealized miscellaneous	-	-	-	
(99) Subtotal	\$ 241,750	\$ 337,905	\$ (96,155)	
(b) Capital:				
(1) Investments	\$ 30,995	\$ 7,010,225	\$ (6,979,230)	
(2) Real estate	-	-	-	
(3) Other (including items <5% of total capital tax liabilities)	-	-	-	
(99) Subtotal	\$ 30,995	\$ 7,010,225	\$ (6,979,230)	
(c) Deferred tax liabilities (3a99 + 3b99)	\$ 272,745	\$ 7,348,130	\$ (7,075,385)	
4. Net deferred tax asset/(liability) (2i - 3c)	\$ 48,516,720	\$ 49,916,355	\$ (1,399,635)	

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, 2016	December 31, 2015	Change
(a) Adjusted gross deferred tax assets	\$ 52,173,121	\$ 57,353,508	\$ (5,180,387)
(b) Deferred tax liabilities	272,745	7,348,130	(7,075,385)
(c) Net deferred tax assets (liabilities)	\$ 51,900,376	\$ 50,005,378	\$ 1,894,998
(d) Tax effect of unrealized gains (losses)			2,831,091
(e) Tax effect of unrealized postretirement benefits			-
(f) Change in deferred income tax			\$ (936,093)

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, 2016	December 31, 2015
(a) Current income taxes incurred	\$ 2,984,468	\$ 2,277,778
(b) Change in deferred income tax	936,093	(260,674)
(c) Total income tax reported	\$ 3,920,561	\$ 2,017,104
(d) Income before taxes	\$ 20,008,701	\$ 10,783,688
(e) Federal statutory tax rate	35%	35%
(f) Expected income tax expense (benefit) at 35% statutory rate	\$ 7,003,045	\$ 3,774,291
(1) Tax-exempt income	\$ (1,957,074)	\$ (2,662,820)
(2) Dividends received deduction		
(3) Nondeductible expenses	113,493	136,228
(4) Deferred tax benefit on nonadmitted assets	(1,245,254)	765,961
(5) Change in tax reserves		
(6) Tax credits		
(7) Other	6,351	3,444
(8) Extraordinary distribution		
(9) COLI - change in CSV		
(10) Dividends - Return of Capital		
(g) Total	<u>\$ 3,920,561</u>	<u>\$ 2,017,104</u>

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	\$ 131,093	2012	2032
Operating loss carryforwards	\$ -	2013	2033
Operating loss carryforwards	\$ -	2014	2034
Operating loss carryforwards	\$ -	2015	2035
Operating loss carryforwards	\$ 4,145,775	2016	2036
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
Amount of AMT tax credits	\$ -	2015	N/A
Amount of AMT tax credits	\$ -	2016	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
Business credits	\$ -	2015	2035
Business credits	\$ -	2016	2036

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

2016	\$ -
2015	\$ -

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	Nationwide Global Holdings, Inc.
AGMC Reinsurance, Ltd	Nationwide Global Ventures, Inc.
Allied General Agency Company	Nationwide Indemnity Company
Allied Group, Inc.	Nationwide Insurance Company of America
Allied Holding (Delaware), Inc.	Nationwide Insurance Company of Florida
Allied Insurance Company of America	Nationwide Investment Services Corporation
Allied Property & Casualty Insurance Company	Nationwide Life and Annuity Insurance Company
Allied Texas Agency, Inc.	Nationwide Life Insurance Company
AMCO Insurance Company	Nationwide Lloyds
American Marine Underwriters	Nationwide Member Solutions Agency, Inc.
Crestbrook Insurance Company	Nationwide Property & Casualty Insurance Company
Depositors Insurance Company	Nationwide Retirement Solutions, Inc.
DVM Insurance Agency, Inc.	NFS Distributors, Inc.
Eagle Captive Reinsurance, LLC	NWD Asset Management Holdings, Inc.
Freedom Specialty Insurance Company	NWD Investment Management, Inc.
Harleysville Group Inc.	On Your Side Nationwide Insurance Agency, Inc.
Harleysville Insurance Co. of New York	Premier Agency, Inc.
Harleysville Insurance Company	Registered Investment Advisors Services, Inc.
Harleysville Insurance Company of New Jersey	Riverview International Group, Inc.
Harleysville Lake States Insurance Company	Scottsdale Indemnity Company
Harleysville Preferred Insurance Company	Scottsdale Insurance Company
Harleysville Worcester Insurance Company	Scottsdale Surplus Lines Insurance Company
Insurance Intermediaries, Inc.	THI Holdings (Delaware), Inc.
Lone Star General Agency, Inc.	Titan Auto Insurance of New Mexico, Inc.
National Casualty Company	Titan Indemnity Company
Nationwide Advantage Mortgage Company	Titan Insurance Company
Nationwide Affinity Insurance Company of America	Titan Insurance Services, Inc.
Nationwide Agribusiness Insurance Company	Veterinary Pet Insurance Company
Nationwide Assurance Company	Victoria Automobile Insurance Company
Nationwide Bank	Victoria Fire & Casualty Company
Nationwide Cash Management Company	Victoria National Insurance Company
Nationwide Corporation	Victoria Select Insurance Company
Nationwide Financial Assignment Company	Victoria Specialty Insurance Company
Nationwide Financial General Agency, Inc.	VPI Services, Inc.
Nationwide Financial Services, Inc.	Western Heritage Insurance Company
Nationwide General Insurance Company	

Effective January 1, 2015, the consolidated federal income tax filing group of which the Company is a member expanded to include Mutual's 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. Nature of Relationships

All outstanding shares of the Company are owned by Mutual.

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 Mutual, under which NCMC acts as a common agent in handling the purchases and sales of short-term investments for the respective accounts of the participants. Amounts on deposit with NCMC were \$39,595,706 and \$20,625,822 as of December 31, 2016 and 2015, respectively.

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

On September 29, 2016, the Company made a capital contribution of \$8.0 million in the form of cash to Freedom Specialty Insurance Company.

C. Change in Terms of Intercompany Arrangements

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 \$113,886,544 and \$24,672,340 as of December 31, 2016 and 2015, respectively. The gross amounts due to affiliates were \$110,913,523 and \$16,269,662 as of December 31, 2016 and 2015, respectively. These arrangements are subject to written agreements which require that intercompany balances be settled within 30 days.

NOTES TO THE FINANCIAL STATEMENTS**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

Not applicable.

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

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

Not applicable.

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

Not applicable.

B. Asset Allocation

Not applicable.

C. Fair Value of Plan Assets

Not applicable.

D. Long-Term Rate of Return on Assets

Not applicable.

E. Defined Contribution Plans

Mutual sponsors a defined contribution retirement savings plan (401(k)) which covers substantially all employees. Employees make salary deferral contributions of up to 80%. Salary deferrals of up to 6% receive a 50% company match, 20% of which vest each year until the participant has five years of vesting services. The Company match is funded on a biweekly basis and the expense of such contributions are allocated to the Company based on employee contributions. The Company's allocated expense for contributions was \$2,448,970 and \$2,259,554 for the years ended December 31, 2016 and 2015, respectively. Individuals are subject to a dollar limit on salary deferrals per IRS Section 402(g) (\$18,000 in 2016 and 2015). Other limits also apply. The Company has no legal obligation for benefits under this plan.

F. Multiemployer Plans

Not applicable.

G. Consolidated/Holding Company Plans

The Company, together with other affiliated companies, participates in a qualified defined benefit pension plan (the Nationwide Retirement Plan or the NRP), several non-qualified defined benefit supplemental executive retirement plans, and postretirement benefit plans (life and health care), all sponsored by Mutual.

NOTES TO THE FINANCIAL STATEMENTS

All employees of participating companies who have completed at least one year of service and who are at least 21 years of age are eligible to participate in the NRP. All participants are eligible for benefits based on an account balance feature. Participants hired prior to 2002 are eligible for benefits based on the annual earnings rates over the highest 60 consecutive calendar months during a participant's last 120 months of service (final average pay formula), if such benefits are of greater value than the account balance feature. During 2016, the Plan Sponsor announced changes to the Plan impacting certain participants. On December 31, 2016, affected participants will stop accruing benefits under the final average pay formula and, on January 1, 2017, will begin to accrue benefits under the cash balance formula.

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. In addition, separate non-qualified defined benefit pension plans sponsored by Mutual cover certain executives with at least one year of service. The Company's portion of expense relating to these plans was \$3,602,352 and \$3,854,411 for the years ended December 31, 2016 and 2015, respectively.

In addition to the defined benefit plans, the Company and certain affiliated companies participate in life and health care benefit plans sponsored by Mutual for qualifying retirees, which are generally available to retirees who were full time employees hired prior to June 1, 2000 (prior to January 1, 1994 for life benefits), who have attained age 55 and have at least 15 years of service with the Company. The Company's portion of the expense relating to these plans was \$271,646 and \$312,955 for the years ended December 31, 2016 and 2015, respectively.

The Company, together with other affiliated companies, also participates in non-qualified deferred compensation arrangements for certain employees and agents. The employer has no legal obligation for benefits under the plans. Expenses are allocated to the Company based on individual participants.

H. Postemployment Benefits and Compensated Absences

Not applicable.

I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)

Not applicable.

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

A. Outstanding Shares

The Company has 100,000 shares of \$200 par value stock authorized and 30,136 shares issued and outstanding.

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 twelve months, the greater of either 10% of surplus as regards policyholders as of the preceding December 31, or the net income for the twelve month period ending December 31 of the previous calendar year. Additionally, any dividend or distribution paid from other than earned surplus shall require prior approval of the Director of Insurance. Subject to applicable regulatory approval(s), dividends are paid as determined by the insurer's board of directors.

D. Dividends Paid

No dividends were paid by the Company during 2016 and 2015.

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 \$116,262,920 less applicable deferred taxes of \$4,148,138 for a net unrealized capital gain of \$112,114,782.

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.

NOTES TO THE FINANCIAL STATEMENTS**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.

As of December 31, 2016 and 2015, the Company accrued a liability for guaranty fund and other assessments of \$59 thousand and \$16 thousand and a related premium tax benefit asset of \$60 thousand and \$26 thousand, 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
a. Assets recognized from paid and accrued premium tax offsets and policy holder surcharges prior year-end	\$ 25,914
b. Decreases current year:	
Premium tax offsets applied	\$ 11,056
c. Increases current year:	
Change in accrued premium tax offsets	\$ 45,480
d. Assets recognized from paid and accrued premium tax offsets and policy holder surcharges current year-end	\$ 60,338

C. Gain Contingencies

Not applicable.

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

The Company paid the following amounts in the reporting period to settle claims related extra contractual obligations or bad faith claims stemming from lawsuits.

Claims related ECO and bad faith losses paid during the reporting period: \$301,472

Number of claims where amounts were paid to settle claims related extra contractual obligations or bad faith claims resulting from lawsuits during the reporting period.

(a) 0 - 25 claims	(b) 26 - 50 claims	(c) 51 - 100 claims	(d) 101 - 500 claims	(e) More than 500 claims
X				

(f) Per Claim [X] Per Claimant []

E. Product Warranties

Not applicable.

F. Joint and Several Liabilities

Not applicable.

G. 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 \$2.0 million and \$1.7 million at December 31, 2016 and 2015, respectively. The company is continually liable under certain structured settlement agreements (See note 27A).

Note 15 – Leases

Not applicable.

Note 16 - Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

Not applicable.

Note 17 - Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**A. Transfers of Receivables Reported as Sales**

Not applicable.

B. Transfers and Servicing of Financial Assets

- 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 \$12,830,618, at December 31, 2016. The Company holds \$3,650,392 of non-cash collateral for loaned securities as of December 31, 2016.

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.

- No servicing assets or liabilities were recognized during the period.

NOTES TO THE FINANCIAL STATEMENTS

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. (a) As part of the Company's securities lending program a reverse repurchase agreement was entered into on December 31, 2016 that matures on January 3, 2017. The underlying assets are U.S. Government securities with a market value at December 31, 2016 of \$9.4 million.
 (b) Not applicable.
 (c) Not applicable.
 (d) Not applicable.

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

Not applicable.

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

Not applicable.

Note 20 – Fair Value Measurements

A. 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.

The following table summarizes assets held at fair value as of December 31, 2016:

	Level 1	Level 2	Level 3	Total
Assets at Fair Value				
Industrial and miscellaneous	\$ -	\$ 18,577,950	\$ -	\$ 18,577,950
Total Bonds	\$ -	\$ 18,577,950	\$ -	\$ 18,577,950
Securities lending collateral assets	-	80,356	-	80,356
Total Assets at Fair Value	\$ -	\$ 18,658,306	\$ -	\$ 18,658,306

NOTES TO THE FINANCIAL STATEMENTS

B. & C. The following table summarizes the carrying value and fair value of the Company's assets not held at fair value as of December 31, 2016:

	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Assets						
Bonds	\$1,238,843,892	\$1,207,809,568	\$299,103,683	\$933,807,326	\$5,932,883	\$-
Stocks	287,086,358	287,086,358	-	-	287,086,358	-
Short-term investments	39,595,706	39,595,706	-	39,595,706	-	-
Securities lending collateral assets	9,276,509	9,276,509	9,276,509	-	-	-
Total Assets	\$1,574,802,465	\$1,543,768,141	\$308,380,192	\$973,403,032	\$293,019,241	\$-

D. Not Practicable to Estimate Fair Value

Not applicable.

Note 21 - Other Items

A. Unusual or Infrequent Items

Not applicable.

B. Troubled Debt Restructuring for Debtors

Not applicable.

C. Other Disclosures

Effective June 1, 2016, Mutual and certain of its affiliates, including the Company, renewed and expanded the Property Catastrophe Program as follows: South East Regional Tower (covering the states of NC, SC, VA, MD, DC, DE, WV, and GA) - 70% of \$500.0 million excess of \$500.0 million, Northeast Regional Tower (covering the states of NJ, NY, CT, RI, MA, VT, NH, ME and PA) - 70% of \$500.0 million excess of \$500.0 million, National Tower - 70% of \$500.0 million excess of \$1.022 billion and 90% of \$1.800 billion excess of \$2.252 billion. Coverage for the Company is limited in some layers of the National Tower.

As of July 1, 2016, Mutual renewed its Property per Risk program on an enterprise-wide basis covering risk underwritten by the Company. The structure remains unchanged at \$115 million excess of \$10 million.

D. Uncollectible Premiums Receivable

Not applicable.

E. State Transferable and Non-Transferable Tax Credits

1. Description of State Transferable and Non-Transferable Tax Credits

	State	Carrying Value	Unused Amount
CCP NI Master Tenant 2 LLC	NC	\$	\$ 8,289
CCP NI Master Tenant LLC	NC	-	5,576
Drury Cleveland LLC	OH	-	200,000
Mayberry Solar LLC	NC	-	15,478
NTW Master Tenant LLC	OH	-	80,000
OEF XXV	OH	-	158,745
Ohio Awning LLC	OH	-	69,572
Rose Hill Owner LLC	NC	-	42,678
Strata Fund 24 Lessee LLC	NC	-	69,352
Strata Fund 25 Lessee LLC	NC	-	84,317
The Old Cotton Factory Investor LLC	SC	-	1,372
Town Of Dunn Solar Farm - Owner	NC	-	42,590
West 25th Street Lofts LLC	OH	-	160,000
Total			\$ 937,969

2. The Company estimates the utilization of remaining transferable and non-transferable state tax credits by projecting future premium and taking into account policy growth, while also projecting future tax liability in the relevant jurisdiction.

3. The Company did not recognize any impairment on state tax credits in 2016.

4. State Tax Credits Admitted and Nonadmitted

	Total Admitted	Total Nonadmitted
a. Transferable	\$ -	\$ -
b. Non-transferable	\$ 937,968	\$ -

F. Subprime Mortgage Related Risk Exposure

- 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.
- The Company has no direct exposure through investments in subprime mortgage loans.

NOTES TO THE FINANCIAL STATEMENTS

3. Direct exposure through other investments:

	Actual Cost	Book/Adjusted Carrying Value (excluding interest)	Fair Value	Other Than Temporary Impairment Losses Recognized
a. Residential mortgage backed securities	\$ 43,918,151	\$ 44,156,129	\$ 44,716,818	\$ 121,686
b. Commercial mortgage backed securities	-	-	-	-
c. Collateralized debt obligations	-	-	-	-
d. Structured securities	-	-	-	-
e. Equity investments in SCAs	-	-	-	-
f. Other assets	-	-	-	-
g. Total	\$ 43,918,151	\$ 44,156,129	\$ 44,716,818	\$ 121,686

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

G. Insurance Linked Securities

On February 29, 2016, Mutual and certain of its affiliates, including the Company, entered into an agreement with Caelus Re IV Limited, a Cayman Islands Special Purpose Reinsurance Vehicle, for the purpose of securing collateralized, multiyear property catastrophe loss protection through the capital markets. The catastrophe bond, Caelus Re 2016-1, issued as part of this agreement provides reinsurance coverage to the Company and certain of its affiliates for catastrophic events, including hurricanes, winter storms, convective storms, wildfire, meteorite, volcanic eruption, earthquakes and the fires following earthquakes. The catastrophe bond is an indemnity trigger-based bond where Mutual and certain of its affiliates recover losses in excess of specified levels of catastrophic claims. For 2016, the Caelus Re 2016-1 catastrophe bond provides national coverage at 89% of \$337.0 million excess of \$1.915 billion. The coverage is effective March 1, 2016 and expires on February 29, 2020.

Number of Outstanding ILS Contracts	Aggregate Maximum Proceeds
-------------------------------------	----------------------------

Management of Risk Related To:

(1) Directly-Written Insurance Risks		
a. ILS Contracts as Issuer	-	\$ -
b. ILS Contracts as Ceding Insurer	1	\$ 300,000,000
c. ILS Contracts as Counterparty	-	\$ -
(2) Assumed Insurance Risks		
a. ILS Contracts as Issuer	-	\$ -
b. ILS Contracts as Ceding Insurer	-	\$ -
c. ILS Contracts as Counterparty	-	\$ -

Note 22 - Events SubsequentType I – Recognized Subsequent Events:

Subsequent events have been considered through February 17, 2017 for the statutory statement issued on February 22, 2017.

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 17, 2017 for the statutory statement issued on February 22, 2017.

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

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

NAIC Group	Reinsurer	FEIN #	Unsecured Reinsurance (in thousands)
	Bateleur Insurance Co Ltd	AA-3190490	\$27,382
	Endurance Assurance Corporation	35-2293075	\$47,040
	Everest Reinsurance Company	22-2005057	\$40,095
	Hannover Rueck Se	AA-1340125	\$24,457
	Markel Global Reinsurance	06-1481194	\$71,184
	Munich Reinsurance America Inc	13-4924125	\$68,009
0140	Nationwide Mutual Insurance Company	31-4177100	\$4,967,200
	Odyssey Reinsurance Company	47-0698507	\$32,676
	Renaissance Reinsurance Us Inc	52-1952955	\$33,721
	Swiss Reinsurance America Corp	13-1675535	\$34,169
	Toa Reinsurance Company Of Amer	13-2918573	\$33,981
	Transatlantic Reinsurance Co	13-5616275	\$111,755

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 THE 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, 2016.

(in thousands)	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	\$969,429	\$173,004	\$1,220,322	\$260,062	\$(250,893)	\$(87,058)
b. All Others	3,033	1,245	172,500	49,857	(169,467)	(48,612)
c. Total	\$972,462	\$174,249	\$1,392,822	\$309,919	\$(420,360)	\$(135,670)

d. Direct Unearned Premium Reserve \$735,592

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, 2016 are as follows:

(in thousands)	Reinsurance	Direct	Assumed	Ceded	Net
a. Contingent Commissions		\$98,212	\$14,231	\$102,348	\$10,095
b. Sliding Scale Adjustments		-	-	-	-
c. Other Profit Commission Arrangements		-	-	-	-
d. Total		\$98,212	\$14,231	\$102,348	\$10,095

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

D. Uncollectible Reinsurance

The Company has written off in the current year reinsurance balances due from the companies listed below, in the amount of \$208,560, which is reflected as:

a	Losses incurred	\$	235,631
b	Loss adjustment expenses incurred	\$	(27,071)
c	Premiums earned	\$	-
d	Other	\$	-
e	Company	Amount	
	Beacon Insurance Company	\$	5,547
	Central National Insurance Company	\$	142
	Folksam International	\$	(7,457)
	Heartland Group Syndicate	\$	20,717
	Mutual Fire & Inland Marine	\$	44,593
	NEM Reinsurance Company	\$	62,151
	Paladin Re Bermuda	\$	62,151
	Sovereign Marine & General	\$	20,716

NOTES TO THE FINANCIAL STATEMENTS**E. Commutation of Ceded Reinsurance**

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

(1) Losses incurred	\$	(1,963,739)
(2) Loss adjustment expenses incurred	\$	(479,626)
(3) Premiums earned	\$	-
(4) Other	\$	-
(5) Company		Amount
American Centennial Insurance Co	\$	70,437
Atlantic Mutual Insurance Company	\$	(93)
Candon Syndicate	\$	20,717
Converium Reinsurance North America	\$	334,892
CX Reinsurance Company	\$	81,621
Dominion Insurance Company LTD	\$	20,717
Dorinco Reinsurance Company	\$	(154)
Everest Reinsurance Company	\$	(441)
Excalibur Reinsurance Corporation	\$	(80,714)
First National Indemnity	\$	17,345
First New Your Syndicate	\$	7,924
Generali US Branch	\$	(393,166)
Global Reinsurance Corp of America	\$	110,701
Imperial Casualty Insurance Co	\$	2,415
Maiden Lane Syndicate	\$	1,970
Municipal General Insurance Co	\$	327,703
Reliance Insurance Company	\$	34,592
Richmond Insurance Co	\$	29,099
Rosemont Reinsurance Limited	\$	2,519
San Francisco Reinsurance Co	\$	90,791
Sirius America Insurance Company	\$	(110)
South Place Syndicate	\$	1,971
St Paul Fire & Marine Insurance Co	\$	(29,946)
Swiss Reinsurance America Corp	\$	(197,486)
Trenwick America Reinsurance Corp	\$	103,331
XL Reinsurance America Inc	\$	(3,000,000)

F. Retroactive Reinsurance

There was no retroactive reinsurance affected during 2016.

G. Reinsurance Accounted for as a Deposit

There were no reinsurance agreements that were accounted for as deposits during 2016.

H. Disclosures for the Transfer of Property and Casualty Run-Off Agreements

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**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 \$8 thousand, or 0.01% of accident and health premiums written.

D. Medical Loss Ratio Rebates

Not applicable.

E. Calculation of Nonadmitted Accrued Retrospective Premiums

Not applicable.

NOTES TO THE FINANCIAL STATEMENTS**Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses**

As of December 31, 2015, loss and loss adjustment expense reserves, net of reinsurance recoveries, were \$532.6 million. Payments for incurred claims and claim adjustment expenses attributable to insured events of prior years were \$216.5 million for the year ended December 31, 2016. As of December 31, 2016, remaining loss and loss adjustment expense reserves attributable to insured events of prior years were \$330.2 million. There has been unfavorable prior-year development of \$14.1 million during the year ended December 31, 2016, primarily driven by higher than expected claim emergence levels in the standard auto, standard commercial, and excess and surplus lines.

Note 26 - Intercompany Pooling Arrangements

Nationwide Mutual Insurance Company is the lead company in the Nationwide Pool. Each pool member company contributes 100% of its underwriting results to the Nationwide Pool through the reinsurance pooling agreement.

As of December 31, 2016 and 2015, the companies in the Nationwide Pool assuming a proportionate share of the pool are:

	NAIC #	2016 Pool	2015 Pool
Nationwide Mutual Insurance Company	23787	83.0%	83.0%
Nationwide Mutual Fire Insurance Company	23779	12.0%	12.0%
Scottsdale Insurance Company	41297	4.0%	4.0%
Farmland Mutual Insurance Company	13838	1.0%	1.0%

All of the other companies in the Nationwide Pool have a 0% retrocession. The zero percent participants in the Nationwide Pool are: Nationwide General Insurance Company (NAIC #23760), Nationwide Property and 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 and Casualty Insurance Company (NAIC #42579), Depositors Insurance Company (NAIC #42587), Nationwide Agribusiness Insurance Company (NAIC #28223), Victoria Fire & Casualty Company (NAIC #42889), Victoria Automobile Insurance Company (NAIC #10644), Victoria Specialty Insurance Company (NAIC #10777), Victoria Select Insurance Company (NAIC #10105), Victoria National Insurance Company (NAIC #10778), Harleysville Preferred Insurance Company (NAIC #35696), Harleysville Insurance Company of New Jersey (NAIC #42900), Harleysville Worcester Insurance Company (NAIC #26182), Harleysville Insurance Company of New York (NAIC #10674), Harleysville Lake States Insurance Company (NAIC #14516) and Harleysville Insurance Company (NAIC #23582).

Effective January 1, 2017, Nationwide Mutual Insurance Company's assumed pooling percentage was changed to 72% and Nationwide Mutual Fire Insurance Company's assumed pooling percentage was changed to 23%.

Effective January 1, 2017, Nationwide Assurance Company (NAIC #10723), Titan Indemnity Company (NAIC #13242), Nationwide Lloyds (NAIC #42110), Nationwide Insurance Company of America (NAIC #25453), Nationwide Insurance Company of Florida (NAIC #10948), and Veterinary Pet Insurance Company (NAIC #42285) were added as parties to the Nationwide Pool with 0% retrocession.

All lines of business are subject to the pooling agreements.

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

Amounts due to/from the lead entity and pool participants as of December 31, 2016:

Name of Insurer	Amounts Receivable	Amounts Payable
Nationwide Mutual Insurance Company (Lead Insurer)	\$ 213,339,317	\$ 161,210,846
Nationwide Mutual Fire Insurance Company	\$ 8,117,028	\$ 7,063,037
Scottsdale Insurance Company	\$ 4,391	\$ 92,349,675
Farmland Mutual Insurance Company	\$ 57,940,173	\$ 54,562,138
Nationwide General Insurance Company	\$ 5,539	\$ 4,988,738
Nationwide Property & Casualty Insurance Company	\$ 13,908	\$ 18,215,885
Nationwide Affinity Insurance Company of America	\$ 5,786	\$ 21,481,123
Crestbrook Insurance Company	\$ 30,791	\$ 430,929
Allied Insurance Company of America	\$ 4,746,978	\$ 2,843,071
AMCO Insurance Company	\$ 167,053,011	\$ 95,596,563
Allied Property & Casualty Insurance Company	\$ 16,957,028	\$ 16,446,005
Depositors Insurance Company	\$ 15,959	\$ 8,268,183
Nationwide Agribusiness Insurance Company	\$ 35,747,937	\$ 16,840,556
Victoria Fire & Casualty Company	\$ 40,850	\$ 8,208,530
Victoria Automobile Insurance Company	\$ 2,744,200	\$ 2,655,915
Victoria Specialty Insurance Company	\$ 2,533,140	\$ 2,198,011
Victoria Select Insurance Company	\$ 2,060,178	\$ 2,277,410
Victoria National Insurance Company	\$ -	\$ 223
Harleysville Worcester Insurance Company	\$ 7,728,981	\$ 200
Harleysville Insurance Company of New Jersey	\$ 2,212	\$ 337,439
Harleysville Preferred Insurance Company	\$ 3,493	\$ 1,600,450
Harleysville Lake States Insurance Company	\$ 2,082,513	\$ 4,275
Harleysville Insurance Company	\$ 8,870,144	\$ 1,894
Harleysville Insurance Company of New York	\$ 402	\$ 3,056,149

The following companies are covered under a separate 100% quota share reinsurance agreement with Nationwide Mutual Insurance Company as of and for the years ended December 31, 2016 and 2015: Nationwide Assurance Company, Titan Insurance Company, Titan Indemnity Company, Nationwide Lloyds, Nationwide Insurance Company of America, National Casualty Company and Colonial County Mutual Insurance Company. Nationwide Mutual Insurance Company then cedes 100% of this business into the Nationwide Pool.

Effective January 1, 2016, Nationwide Insurance Company of Florida entered into a 100% quota share reinsurance agreement with Nationwide Mutual Insurance Company. Nationwide Mutual Insurance Company then cedes 100% of this business into the Nationwide Pool.

Effective January 1, 2017, the 100% quota share reinsurance agreements between Nationwide Mutual Insurance Company and Nationwide Assurance Company, Titan Insurance Company, Titan Indemnity Company, Nationwide Lloyds, Nationwide Insurance Company of America, and Nationwide Insurance Company of Florida were terminated and liabilities were commuted back to the respective ceding company.

NOTES TO THE FINANCIAL STATEMENTS

The following companies are covered under a separate 100% quota share reinsurance agreement with Scottsdale Insurance Company as of and for the years ended December 31, 2016 and 2015: Scottsdale Surplus Lines Insurance Company, Western Heritage Insurance Company, Scottsdale Indemnity Company and Freedom Specialty Insurance Company. Scottsdale Insurance Company then cedes 100% of this business to the Nationwide Pool.

Effective January 1, 2016, Veterinary Pet Insurance Company entered into a 100% quota share reinsurance agreement with Scottsdale Insurance Company. Scottsdale Insurance Company then cedes 100% of this business to the Nationwide Pool.

Effective January 1, 2017, the 100% quota share reinsurance agreement between Scottsdale Insurance Company and Veterinary Pet Insurance Company was terminated and liabilities were commuted back to Veterinary Pet Insurance Company.

In connection with the above quota share agreements entered into on January 1, 2016, cash and securities portfolio transfers were completed during 2016 between Nationwide Insurance Company of Florida and Nationwide Mutual Insurance Company, between Veterinary Pet Insurance Company and Nationwide Mutual Insurance Company, and between Veterinary Pet Insurance Company and Scottsdale Insurance Company to redistribute assets of the ceding companies to the assuming companies.

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, 2016 and 2015 is \$5.2 million and \$5.4 million, respectively.

<u>Loss Reserves Eliminated by Annuities</u>	<u>Unrecorded Loss Contingencies</u>
\$5.2 million	\$0

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 2016.

Note 28 - Health Care 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, 2016 is as follows:

1. Liability carried for premium deficiency reserves	\$0.00
2. Date of the most recent evaluation of this liability	January 16, 2017
3. Was anticipated investment income utilized in the calculation?	No

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 IBNR for accident and health claims. 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.

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 incurrable date, reduced by one hundred basis points (rates used vary from 3.0% to 10.25%).
3. The December 31, 2016 liabilities include \$56,631 of such discounted reserves.

NOTES TO THE FINANCIAL STATEMENTS

4. The table below represents the amount of tabular discount as of December 31, 2016:

Schedule P Lines of Business	Tabular Discount Included in Schedule P, Part 1*	
	1 Case	2 IBNR
1. Homeowners/Farmowners	\$ -	\$ -
2. Private Passenger Auto Liability/Medical	-	-
3. Commercial Auto/Truck Liability/Medical	-	-
4. Workers' Compensation	-	-
5. Commercial Multiple Peril	-	-
6. Medical Professional Liability - occurrence	-	-
7. Medical Professional Liability - claims-made	-	-
8. Special Liability	-	-
9. Other Liability - occurrence	-	-
10. Other Liability - claims-made	-	-
11. Special Property	-	-
12. Auto Physical Damage	-	-
13. Fidelity, Surety	-	-
14. Other (including Credit, Accident & Health)	8,080	-
15. International	-	-
16. Reinsurance Nonproportional Assumed Property	-	-
17. Reinsurance Nonproportional Assumed Liability	-	-
18. Reinsurance Nonproportional Assumed Financial Lines	-	-
19. Products Liability - occurrence	-	-
20. Products Liability - claims-made	-	-
21. Financial Guaranty/Mortgage Guaranty	-	-
22. Warranty	-	-
23. Total	\$ 8,080	\$ -

* Must exclude medical loss reserves and all loss adjustment expense reserves.

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.

NOTES TO THE FINANCIAL STATEMENTS

This schedule includes all loss segments that now reside in the Company. The Company's asbestos and environmental related losses for the year 2012 have been restated to reflect the pooling changes that were effective January 1, 2013, in conjunction with Mutual's merger with Harleysville, and are as follows:

		2012	2013	2014	2015	2016
(1) Asbestos Claims - Direct						
Beginning Reserves:	\$	1,745,221	\$ 1,615,973	\$ 1,821,676	\$ 2,105,655	\$ 2,090,651
Incurred Loss and Loss Adj. Expense:	\$	100,810	\$ 552,683	\$ 543,446	\$ 547,974	\$ 435,510
Calendar Year Payments:	\$	230,058	\$ 346,980	\$ 259,467	\$ 562,977	\$ 328,337
Ending Reserve:	\$	1,615,973	\$ 1,821,676	\$ 2,105,655	\$ 2,090,652	\$ 2,197,824
(2) Asbestos Claims - Assumed		2012	2013	2014	2015	2016
Beginning Reserves:	\$	4,958,555	\$ 4,842,665	\$ 4,000,086	\$ 3,458,738	\$ 3,924,208
Incurred Loss and Loss Adj. Expense:	\$	(160,493)	\$ 187,376	\$ (120,000)	\$ 120,000	\$ 188,404
Calendar Year Payments:	\$	(44,603)	\$ 1,029,955	\$ 421,348	\$ (345,470)	\$ 202,930
Ending Reserve:	\$	4,842,665	\$ 4,000,086	\$ 3,458,738	\$ 3,924,208	\$ 3,909,682
(3) Asbestos Claims - Net		2012	2013	2014	2015	2016
Beginning Reserves:	\$	493,492	\$ 780,674	\$ 416,794	\$ 452,614	\$ 460,008
Incurred Loss and Loss Adj. Expense:	\$	143,681	\$ (90,296)	\$ 35,820	\$ 129,406	\$ 300,357
Calendar Year Payments:	\$	(143,501)	\$ 273,583	\$ -	\$ 122,012	\$ 177,496
Ending Reserve:	\$	780,674	\$ 416,794	\$ 452,614	\$ 460,008	\$ 582,869
B. Bulk and IBNR Losses and LAE						
(1) Direct						\$ 1,758,787
(2) Assumed						\$ 2,972,873
(3) Net of Ceded Reinsurance						\$ 298,167
C. Case, Bulk and IBNR LAE						
(1) Direct						\$ 1,181,135
(2) Assumed						\$ 21,912
(3) Net of Ceded Reinsurance						\$ 155,267
D. See A above						
(1) Environmental Claims - Direct		2012	2013	2014	2015	2016
Beginning Reserves:	\$	1,488,913	\$ 1,794,126	\$ 1,753,434	\$ 1,327,317	\$ 1,255,750
Incurred Loss & Loss Adj. Expense:	\$	51,864	\$ 69,796	\$ (356,863)	\$ 80,871	\$ (236,825)
Calendar Year Payments:	\$	(253,349)	\$ 110,488	\$ 69,254	\$ 152,439	\$ 176,912
Ending Reserve:	\$	1,794,126	\$ 1,753,434	\$ 1,327,317	\$ 1,255,749	\$ 842,013
(2) Environmental Claims - Assumed		2012	2013	2014	2015	2016
Beginning Reserves:	\$	1,556,978	\$ 1,300,236	\$ 1,029,955	\$ 678,048	\$ 946,037
Incurred Loss and Loss Adj. Expense:	\$	(277,301)	\$ (82,905)	\$ (240,000)	\$ 208,000	\$ (104,000)
Calendar Year Payments:	\$	(20,559)	\$ 187,376	\$ 111,906	\$ (59,989)	\$ 47,903
Ending Reserve:	\$	1,300,236	\$ 1,029,955	\$ 678,048	\$ 946,037	\$ 794,134
(3) Environmental Claims - Net		2012	2013	2014	2015	2016
Beginning Reserves:	\$	1,372,675	\$ 1,698,327	\$ 1,656,570	\$ 1,233,728	\$ 1,166,041
Incurred Loss and Loss Adj. Expense:	\$	54,417	\$ 67,434	\$ (356,863)	\$ 79,319	\$ (233,328)
Calendar Year Payments:	\$	(271,235)	\$ 109,190	\$ 65,979	\$ 147,006	\$ 181,165
Ending Reserve:	\$	1,698,327	\$ 1,656,570	\$ 1,233,728	\$ 1,166,041	\$ 751,548
E. Bulk and IBNR Losses and LAE						
(1) Direct						\$ 590,824
(2) Assumed						\$ 586,358
(3) Net of Ceded Reinsurance						\$ 520,792
F. Case, Bulk and IBNR LAE						
(1) Direct						\$ 218,489
(2) Assumed						\$ 5,003
(3) Net of Ceded Reinsurance						\$ 169,361

NOTES TO THE FINANCIAL STATEMENTS

Note 34 – Subscriber Savings Accounts

Not applicable.

Note 35 – Multiple Peril Crop Insurance

Not applicable.

Note 36 – Financial Guaranty Insurance

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 []
If yes, complete Schedule Y, Parts 1, 1A and 2.

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? OH

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]

2.2 If yes, date of change:

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2016

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. 12/31/2011

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). 03/13/2013

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 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	2 NAIC Company Code	3 State of Domicile
Name of Entity		

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, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity

8.1 Is the company a subsidiary of a bank holding company regulated with 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 the response to 8.3 is yes, please provide below 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 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 FDIC	6 SEC
Nationwide Bank	Columbus, Ohio	NO	Yes	NO	NO
Nationwide Mutual Insurance Company	Columbus, OH	YES	NO	NO	NO
Nationwide Mutual Fire Insurance Company	Columbus, OH	YES	NO	NO	NO
Nationwide Corporation	Columbus, OH	YES	NO	NO	NO
Nationwide Financial Services, Inc.	Columbus, OH	YES	NO	NO	NO
Nationwide Investment Services Corp	Columbus, OH	NO	NO	NO	YES
Nationwide Investment Advisors, LLC	Columbus, OH	NO	NO	NO	YES
Nationwide Securities, LLC	Dublin, OH	NO	NO	NO	YES
Nationwide Fund Advisors	Columbus, OH	NO	NO	NO	YES
Nationwide Fund Distributors, LLC	Columbus, OH	NO	NO	NO	YES
Nationwide Asset Management, LLC	Columbus, OH	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

GENERAL INTERROGATORIES**PART 1 - COMMON INTERROGATORIES**

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 other requirements of the Annual Financial Reporting Model Regulation as allowed in Section 18A 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?
G. Chris Nyce, FCAS, MAAA, KPMG LLP, Three Radnor Corporate Center Suite 105, 100 Matsonford Road Radnor, PA 19087-4568

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

12.11 Name of real estate holding company N/A

12.12 Number of parcels involved _____

12.13 Total book/adjusted carrying value \$ _____ N/A

12.2 If yes, provide explanation
N/A

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 [X] No []

14.21 If the response to 14.2 is yes, provide information related to amendment(s).
The No-Retaliation Policy has been updated in regards to reporting possible violations of state and federal law or regulation to any governmental agency or entity or making disclosures protected under state or federal whistleblower laws or regulation.

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).

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? 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 subordinator 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 or is likely to 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 \$ _____ 0

20.12 To stockholders not officers \$ _____ 0

20.13 Trustees, supreme or grand (Fraternal only) \$ _____ 0

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 \$ _____ 0

20.22 To stockholders not officers \$ _____ 0

20.23 Trustees, supreme or grand (Fraternal only) \$ _____ 0

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 \$ _____

GENERAL INTERROGATORIES**PART 1 - COMMON INTERROGATORIES**

21.23	Leased from others	\$ _____	
21.24	Other	\$ _____	
22.1	Does this statement include payments for assessments as described in the <i>Annual Statement Instructions</i> 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:	\$ _____ 0	
INVESTMENT			
24.01	Were all of 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 24.03)?	Yes [X] No []	
24.02	If no, give full and complete information, relating thereto:		
24.03	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). <u>Nationwide utilizes a third party to administer its Securities Lending program. Securities are loaned to approved counterparties, who in turn post cash collateral 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, securities lending program. As of December 31, 2016, Nationwide had loaned \$12,830,619 to approved counterparties and received cash collateral amounts of \$9,468,436 and non-cash off-balance sheet collateral of \$3,650,393.</u>		
24.04	Does the company's security lending program meet the requirements for a conforming program as outlined in the <i>Risk-Based Capital Instructions</i> ?	Yes [X] No [] N/A []	
24.05	If answer to 24.04 is yes, report amount of collateral for conforming programs.	\$ _____ 13,118,828	
24.06	If answer to 24.04 is no, report amount of collateral for other programs	\$ _____	
24.07	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 []	
24.08	Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?	Yes [X] No [] N/A []	
24.09.	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 []	
24.10	For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:		
24.101	Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2:	\$ _____ 9,356,865	
24.102	Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2:	\$ _____ 9,356,865	
24.103	Total payable for securities lending reported on the liability page:	\$ _____ 9,468,436	
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 current in force? (Exclude securities subject to Interrogatory 21.1 and 24.03.)	Yes [X] No []	
25.2	If yes, state the amount thereof at December 31 of the current year:		
25.21	Subject to repurchase agreements	\$ _____ 0	
25.22	Subject to reverse repurchase agreements	\$ _____ 0	
25.23	Subject to dollar repurchase agreements	\$ _____ 0	
25.24	Subject to reverse dollar repurchase agreements	\$ _____ 0	
25.25	Placed under option agreements	\$ _____ 0	
25.26	Letter stock or securities restricted as sale – excluding FHLB Capital Stock	\$ _____ 0	
25.27	FHLB Capital Stock	\$ _____ 0	
25.28	On deposit with states	\$ _____ 6,048,396	
25.29	On deposit with other regulatory bodies	\$ _____ 5,503,644	
25.30	Pledged as collateral – excluding collateral pledged to an FHLB	\$ _____ 0	
25.31	Pledged as collateral to FHLB – including assets backing funding agreements	\$ _____ 0	
25.32	Other	\$ _____ 0	
25.3	For category (25.26) provide the following:		
	1 Nature of Restriction	2 Description	3 Amount
			\$ _____
26.1	Does the reporting entity have any hedging transactions reported on Schedule DB?	Yes [] No [X]	
26.2	If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement.	Yes [] No [] N/A [X]	
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 <i>Financial Condition Examiners Handbook</i> ?	Yes [X] No []	
28.01	For all agreements that comply with the requirements of the NAIC <i>Financial Condition Examiners Handbook</i> , 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	
	BNY Trust of Canada	320 Bay St., 11th Floor, Toronto, ON M5H 4A6	

GENERAL INTERROGATORIES**PART 1 - COMMON INTERROGATORIES**

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 Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ("...that have access to the investment accounts", "... handle securities").

1 Name of Firm or Individual	2 Affiliation
Members of the investment staff designated by the Chief Investment Officer as detailed in the Corporate Resolution	I

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's assets?

Yes [] No []

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets?

Yes [] No []

28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1	2	3	4	5 Investment Management Agreement (IMA) Filed
Central Registration Depository Number	Name of Firm or Individual	Legal Entity Identifier (LEI)	Registered With	

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 [] No [X]

29.2 If yes, complete the following schedule:

1 CUSIP	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2999 TOTAL		

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

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	1,226,387,520	1,257,421,841	31,034,321
30.2	Preferred Stocks	0	0	0
30.3	Totals	1,226,387,520	1,257,421,841	31,034,321

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 Investment Analysis Office* been followed?

Yes [X] No []

32.2 If no, list exceptions:

GENERAL INTERROGATORIES**PART 1 - COMMON INTERROGATORIES****OTHER**

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 0

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
All payments are made by Nationwide Mutual Insurance Company and are reported in its Annual Statement.	\$

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

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
All payments are made by Nationwide Mutual Insurance Company and are reported in its Annual Statement.	\$

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

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
All payments are made by Nationwide Mutual Insurance Company and are reported in its Annual Statement.	\$

GENERAL INTERROGATORIES**PART 2 – PROPERTY & CASUALTY INTERROGATORIES**

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?	Yes []	No [X]
1.2	If yes, indicate premium earned on U.S. business only.	\$	0
1.3	What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?	\$	0
1.31	Reason for excluding:		
1.4	Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.	\$	0
1.5	Indicate total incurred claims on all Medicare Supplement insurance.	\$	0
1.6	Individual policies:		
	Most current three years:		
1.61	Total premium earned	\$	0
1.62	Total incurred claims	\$	0
1.63	Number of covered lives		0
	All years prior to most current three years:		
1.64	Total premium earned	\$	0
1.65	Total incurred claims	\$	0
1.66	Number of covered lives		0
1.7	Group policies:		
	Most current three years:		
1.71	Total premium earned	\$	0
1.72	Total incurred claims	\$	0
1.73	Number of covered lives		0
	All years prior to most current three years:		
1.74	Total premium earned	\$	0
1.75	Total incurred claims	\$	0
1.76	Number of covered lives		0
2.	Health Test:		
		1 Current Year	2 Prior Year
2.1	Premium Numerator	\$ 0	\$ 0
2.2	Premium Denominator	\$ 767,750,717	\$ 734,501,038
2.3	Premium Ratio (2.1/2.2)		
2.4	Reserve Numerator	\$ 149,850	\$ 183,070
2.5	Reserve Denominator	\$ 1,003,079,575	\$ 959,573,234
2.6	Reserve Ratio (2.4/2.5)	0.015	0.019
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	\$ 0	0
3.22	Non-participating policies	\$ 0	0
4.	FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:		
4.1	Does the reporting entity issue assessable policies?	Yes []	No []
4.2	Does the reporting entity issue non-assessable policies?	Yes []	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.	\$ 0	0
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 []
5.22	As a direct expense of the exchange	Yes []	No []
5.3	What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?		N/A []
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:		
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?		
	<u>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.</u>		
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:		
	<u>The company's net exposure arises from its participation in the Nationwide Mutual Insurance Company Pool. Catastrophic risk to the Pool arises primarily from windstorm events in the eastern 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) software.</u>		
6.3	What provision has this reporting entity made (such as 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?		
	<u>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.</u>		
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]
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 uninsured catastrophic loss:		No []

GENERAL INTERROGATORIES**PART 2 – PROPERTY & CASUALTY INTERROGATORIES**

7.1	Has the 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 cap, an aggregate limit or any similar provisions)?	Yes [X] No []
7.2	If yes, indicate the number of reinsurance contracts containing such provisions.	3
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 [X] 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 noncancelable 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?	
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:	Yes [] No [X]
	(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 31 of SSAP No. 62R, <i>Property and Casualty Reinsurance</i> , 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	Yes [] No [X]
	(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?	
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 reinsurance 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 []
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 assets schedule, Page 2, state the amount of corresponding liabilities recorded for:	
12.11	Unpaid losses	\$ _____ 0
12.12	Unpaid underwriting expenses (including loss adjustment expenses)	\$ _____ 0
12.2	Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds?	\$ _____ 0
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 current year:	
12.61	Letters of Credit	\$ _____ 8,762,352
12.62	Collateral and other funds	\$ _____ 717,612
13.1	Largest net aggregate amount insured in any one risk (excluding workers' compensation):	\$ _____ 960,000

GENERAL INTERROGATORIES**PART 2 – PROPERTY & CASUALTY INTERROGATORIES**

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 reporting entity 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 Share 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 Share 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 [X] No []

If yes, disclose the following information for each of the following types of warranty coverage:

	1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
16.11 Home	\$ 0 \$	0 \$	0 \$	0 \$	0
16.12 Products	\$ 0 \$	0 \$	0 \$	0 \$	0
16.13 Automobile	\$ 70,196 \$	453,238 \$	0 \$	0 \$	0
16.14 Other*	\$ 0 \$	0 \$	0 \$	0 \$	0

* Disclose type of coverage:

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	\$ 0
17.12 Unfunded portion of Interrogatory 17.11	\$ 0
17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11	\$ 0
17.14 Case reserves portion of Interrogatory 17.11	\$ 0
17.15 Incurred but not reported portion of Interrogatory 17.11	\$ 0
17.16 Unearned premium portion of Interrogatory 17.11	\$ 0
17.17 Contingent commission portion of Interrogatory 17.11	\$ 0

Provide the following information for all other amounts included in Schedule F-Part 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	\$ 0
17.19 Unfunded portion of Interrogatory 17.18	\$ 0
17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18	\$ 0
17.21 Case reserves portion of Interrogatory 17.18	\$ 0
17.22 Incurred but not reported portion of Interrogatory 17.18	\$ 0
17.23 Unearned premium portion of Interrogatory 17.18	\$ 0
17.24 Contingent commission portion of Interrogatory 17.18	\$ 0

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. \$ 0

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

18.4 If yes, please provide the balance of the funds administered as of the reporting date. \$ 0

FIVE-YEAR HISTORICAL DATA

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

	1 2016	2 2015	3 2014	4 2013	5 2012
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)	2,081,971,679	2,060,358,987	1,977,074,362	1,844,242,501	1,610,700,431
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,043,670,909	815,640,321	806,047,105	754,086,564	633,694,585
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	827,138,635	871,433,696	852,600,297	796,878,068	703,794,444
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	40,116,226	40,539,453	37,049,064	35,562,729	50,340,210
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)		780	(7,087)	(9,935)	(11)
6. Total (Line 35)	3,992,897,449	3,787,973,237	3,672,763,741	3,430,759,927	2,998,529,659
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)	327,569,344	322,387,606	311,673,205	306,955,650	264,457,716
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	194,818,651	171,621,010	164,298,323	159,618,088	144,116,758
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	247,277,652	243,510,754	235,592,415	232,348,855	182,230,526
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	9,824,027	9,987,139	9,535,519	8,174,237	8,103,240
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)		780	(7,087)	(9,935)	(11)
12. Total (Line 35)	779,489,674	747,507,289	721,092,375	707,086,895	598,908,229
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(53,693,945)	(35,002,602)	(34,716,053)	(12,309,910)	(42,597,650)
14. Net investment gain (loss) (Line 11)	62,778,550	42,367,684	41,699,364	35,510,789	34,321,803
15. Total other income (Line 15)	5,666,816	4,394,416	5,196,429	4,808,857	5,235,177
16. Dividends to policyholders (Line 17)	526,212	640,572	651,244	475,406	323,150
17. Federal and foreign income taxes incurred (Line 19)	(2,799,023)	2,613,014	1,609,763	11,339,111	(1,071,772)
18. Net income (Line 20)	17,024,232	8,505,912	9,918,733	16,195,219	(2,292,048)
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	2,683,325,113	2,313,260,386	2,222,641,176	2,133,326,158	1,879,518,242
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1)	562,535,966	476,827,657	449,652,856	453,365,276	383,150,590
20.2 Deferred and not yet due (Line 15.2)	247,579,441	118,994,365	117,232,436	109,821,565	92,933,194
20.3 Accrued retrospective premiums (Line 15.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 26)	1,908,044,931	1,547,117,460	1,457,789,349	1,416,961,463	1,209,319,530
22. Losses (Page 3, Line 1)	484,144,500	443,230,814	405,398,649	379,084,069	313,878,539
23. Loss adjustment expenses (Page 3, Line 3)	90,174,456	89,396,660	88,555,296	87,337,625	67,770,398
24. Unearned premiums (Page 3, Line 9)	315,232,712	303,492,700	290,494,052	275,005,566	235,253,350
25. Capital paid up (Page 3, Lines 30 & 31)	6,027,200	6,027,200	6,027,200	6,027,200	6,027,200
26. Surplus as regards policyholders (Page 3, Line 37)	775,280,182	766,142,926	764,851,827	716,364,695	670,198,712
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	6,810,838	36,231,967	64,990,353	161,608,252	(101,181,460)
Risk-Based Capital Analysis					
28. Total adjusted capital	775,280,182	766,142,926	764,851,827	716,364,695	670,198,712
29. Authorized control level risk-based capital	91,524,418	121,183,780	110,677,878	104,418,478	93,349,894
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)	82.4	82.6	81.6	83.9	75.0
31. Stocks (Lines 2.1 & 2.2)	19.3	19.0	20.1	18.0	19.6
32. Mortgage loans on real estate (Lines 3.1 & 3.2)			0.1	0.2	0.2
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	(2.3)	(2.5)	(2.1)	(2.2)	5.0
35. Contract loans (Line 6)					
36. Derivatives (Line 7)					
37. Other invested assets (Line 8)					
38. Receivables for securities (Line 9)					
39. Securities lending reinvested collateral assets (Line 10)	0.6	0.8	0.2	0.1	0.1
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)	287,086,358	277,523,112	280,866,002	237,058,885	229,514,580
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	287,086,358	277,523,112	280,866,002	237,058,885	229,514,580
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)	37.0	36.2	36.7	33.1	34.2

SCOTTSDALE INSURANCE COMPANY
FIVE-YEAR HISTORICAL DATA
(Continued)

	1 2016	2 2015	3 2014	4 2013	5 2012
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24).....	(3,821,554)	(7,013,889)	16,832,704	9,385,630	31,822,141
52. Dividends to stockholders (Line 35).....					(45,000,000)
53. Change in surplus as regards policyholders for the year (Line 38).....	9,137,256	1,291,099	48,487,132	46,165,983	(8,570,180)
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).....	1,080,168,753	967,370,231	819,924,110	697,405,356	726,025,265
55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	464,502,996	430,480,194	386,655,788	382,620,225	334,137,926
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	451,852,748	403,794,088	401,913,430	364,352,591	359,688,933
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	11,625,611	13,646,190	18,408,887	25,255,105	43,535,705
58. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	30,837	4,728	38,589	407,575	
59. Total (Line 35).....	2,008,180,945	1,815,295,431	1,626,940,804	1,470,040,852	1,463,387,829
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).....	200,892,410	182,942,599	169,801,750	126,596,843	151,501,313
61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	119,568,417	102,796,264	96,715,068	87,547,348	84,834,003
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	134,129,765	122,028,743	132,556,970	87,440,457	112,668,580
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	5,603,849	6,209,187	6,003,906	5,342,760	5,896,452
64. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	30,837	4,728	38,589	407,575	
65. Total (Line 35).....	460,225,278	413,981,521	405,116,283	307,334,983	354,900,348
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).....	65.3	61.5	61.1	55.8	60.8
68. Loss expenses incurred (Line 3).....	9.4	9.5	10.0	10.4	11.1
69. Other underwriting expenses incurred (Line 4).....	32.3	33.7	33.8	35.7	35.3
70. Net underwriting gain (loss) (Line 8).....	(7.0)	(4.8)	(4.9)	(1.8)	(7.2)
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).....	31.1	32.5	32.4	33.0	33.8
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	74.7	71.1	71.1	66.2	71.9
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).....	100.5	97.6	94.3	98.7	89.4
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).....	14,612	8,777	4,012	(6,346)	(7,483)
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).....	1.9	1.1	0.6	(0.9)	(1.1)
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).....	18,560	6,832	(5,888)	(11,851)	(24,928)
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).....	2.4	1.0	(0.9)	(1.7)	(3.8)

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			Loss and Loss Expense Payments								12 Number of Claims Reported-Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)		
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded				
1. Prior.....	....XXX.....	....XXX.....	....XXX.....	.....4,870	.....2,215	.....1,166	.....414	.....284	.....39	.....182	.....3,652	....XXX.....
2. 2007.....	....746,188	....78,149	....668,039	....392,934	....42,630	....21,894	....1,926	....36,976	....1,901	....23,256	....405,347	....XXX.....
3. 2008.....	....760,299	....101,258	....659,041	....455,662	....52,039	....21,598	....1,770	....55,517	....3,831	....20,401	....475,137	....XXX.....
4. 2009.....	....738,921	....100,981	....637,940	....421,375	....51,289	....20,803	....2,077	....50,741	....4,552	....19,847	....435,002	....XXX.....
5. 2010.....	....718,433	....97,087	....621,346	....405,954	....43,734	....19,697	....1,775	....50,819	....4,701	....20,788	....426,260	....XXX.....
6. 2011.....	....681,015	....65,732	....615,283	....454,422	....38,986	....22,494	....2,669	....51,799	....2,074	....22,889	....484,986	....XXX.....
7. 2012.....	....705,174	....71,150	....634,024	....432,625	....53,851	....19,332	....1,779	....50,784	....2,896	....23,476	....444,215	....XXX.....
8. 2013.....	....742,935	....75,603	....667,332	....388,447	....31,799	....16,808	....1,614	....47,486	....1,977	....23,480	....417,351	....XXX.....
9. 2014.....	....782,795	....77,192	....705,603	....407,164	....30,539	....12,410	....1,039	....47,432	....1,886	....24,933	....433,541	....XXX.....
10. 2015.....	....815,143	....80,644	....734,499	....368,084	....28,187	....7,336	....593	....45,560	....1,712	....24,785	....390,488	....XXX.....
11. 2016.....	....843,720	....75,969	....767,751	....291,832	....17,777	....2,958	....405	....39,901	....1,238	....16,526	....315,271	....XXX.....
12. Totals.....	....XXX.....	....XXX.....	....XXX.....	....4,023,371	....393,047	....166,495	....16,061	....477,299	....26,807	....220,563	....4,231,251	....XXX.....

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	Direct and Assumed	Ceded			
1. Prior.....	....56,579	....35,124	....12,530	....7,361	....1,434	....641	....3,412	....1,238	....479	.....7	....201	....30,063	....XXX.....
2. 2007.....	....4,089	....1,478	....620	....195	....245	....33	....662	....25	....138	.....3	....70	....4,020	....XXX.....
3. 2008.....	....4,498	....998	....952	....225	....237	....41	....806	....18	....200	.....16	....90	....5,395	....XXX.....
4. 2009.....	....5,874	....2,111	....1,638	....583	....294	....47	....1,050	....47	....225	.....12	....118	....6,281	....XXX.....
5. 2010.....	....6,649	....1,522	....1,882	....706	....356	....62	....1,392	....85	....309	.....27	....180	....8,187	....XXX.....
6. 2011.....	....12,675	....3,417	....3,464	....1,436	....607	....171	....2,245	....178	....398	.....47	....342	....14,139	....XXX.....
7. 2012.....	....17,206	....3,631	....5,012	....1,979	....953	....200	....3,181	....242	....577	.....61	....492	....20,816	....XXX.....
8. 2013.....	....30,670	....2,860	....8,071	....2,721	....1,527	....253	....5,723	....427	....961	.....102	....1,153	....40,588	....XXX.....
9. 2014.....	....55,049	....5,549	....17,467	....5,393	....2,554	....723	....10,861	....855	....1,694	.....186	....1,977	....74,919	....XXX.....
10. 2015.....	....79,591	....5,645	....36,668	....5,635	....2,296	....458	....17,873	....1,516	....2,996	.....328	....3,102	....125,843	....XXX.....
11. 2016.....	....126,214	....7,967	....106,812	....13,525	....1,870	....432	....24,908	....2,195	....8,984	.....600	....14,156	....244,069	....XXX.....
12. Totals....	....399,094	....70,302	....195,116	....39,759	....12,372	....3,061	....72,113	....6,826	....16,961	.....1,389	....21,882	....574,318	....XXX.....

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense	Inter-Company Pooling Participation Percentage	Losses Unpaid	Loss Expenses Unpaid
1. Prior..	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	.....	.....	....XXX.....	....26,624	....3,439
2. 2007.....	....457,558	....48,191	....409,367	....61.3	....61.7	....61.3	.....	.....	.....4.00	....3,036	....984
3. 2008.....	....539,471	....58,938	....480,532	....71.0	....58.2	....72.9	.....	.....	.....4.00	....4,227	....1,168
4. 2009.....	....502,000	....60,718	....441,282	....67.9	....60.1	....69.2	.....	.....	.....4.00	....4,818	....1,463
5. 2010.....	....487,058	....52,611	....434,447	....67.8	....54.2	....69.9	.....	.....	.....4.00	....6,304	....1,884
6. 2011.....	....548,104	....48,978	....499,126	....80.5	....74.5	....81.1	.....	.....	.....4.00	....11,286	....2,853
7. 2012.....	....529,670	....64,639	....465,031	....75.1	....90.8	....73.3	.....	.....	.....4.00	....16,608	....4,208
8. 2013.....	....499,692	....41,754	....457,938	....67.3	....55.2	....68.6	.....	.....	.....4.00	....33,159	....7,428
9. 2014.....	....554,631	....46,170	....508,460	....70.9	....59.8	....72.1	.....	.....	.....4.00	....61,574	....13,345
10. 2015.....	....560,404	....44,074	....516,331	....68.7	....54.7	....70.3	.....	.....	.....4.00	....104,980	....20,863
11. 2016.....	....603,479	....44,139	....559,340	....71.5	....58.1	....72.9	.....	.....	.....4.00	....211,533	....32,536
12. Totals....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	.....0	.....0	....XXX.....	....484,148	....90,170

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)										DEVELOPMENT	
	1 2007	2 2008	3 2009	4 2010	5 2011	6 2012	7 2013	8 2014	9 2015	10 2016	11 One Year	12 Two Year
1. Prior.....	258,355	257,924	252,845	249,100	246,015	243,232	241,851	239,345	237,389	237,926	537	(1,419)
2. 2007.....	385,885	388,116	383,136	379,576	377,131	376,753	375,865	375,325	375,531	374,157	(1,374)	(1,168)
3. 2008.....	XXX.....	435,730	438,752	433,733	429,620	429,352	428,703	428,395	428,544	428,663	119	268
4. 2009.....	XXX.....	XXX.....	411,912	400,421	396,470	395,066	394,095	394,365	394,349	394,879	530	514
5. 2010.....	XXX.....	XXX.....	XXX.....	397,264	392,628	390,763	388,853	388,614	388,461	388,047	(414)	(567)
6. 2011.....	XXX.....	XXX.....	XXX.....	XXX.....	445,237	444,451	445,874	447,960	449,230	449,051	(179)	1,091
7. 2012.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	415,154	413,177	414,905	415,704	416,627	923	1,722
8. 2013.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	401,302	404,857	407,344	411,571	4,227	6,714
9. 2014.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	450,004	455,995	461,409	5,414	11,405
10. 2015.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	464,987	469,816	4,829	XXX.....
11. 2016.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	512,293	XXX.....	XXX.....
									12. Totals.....	14,612		18,560

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
	1 2007	2 2008	3 2009	4 2010	5 2011	6 2012	7 2013	8 2014	9 2015	10 2016		
1. Prior.....	000.....	79,728	131,510	161,179	179,106	188,768	196,282	201,245	204,922	208,327	XXX.....	XXX.....
2. 2007.....	206,774	287,125	318,865	340,940	354,036	361,702	365,390	367,562	369,334	370,271	XXX.....	XXX.....
3. 2008.....	XXX.....	246,681	337,390	371,477	394,921	408,548	415,610	419,467	421,863	423,451	XXX.....	XXX.....
4. 2009.....	XXX.....	XXX.....	225,599	306,470	341,059	363,092	374,999	381,926	386,275	388,813	XXX.....	XXX.....
5. 2010.....	XXX.....	XXX.....	XXX.....	224,922	305,410	337,967	359,015	371,056	376,957	380,142	XXX.....	XXX.....
6. 2011.....	XXX.....	XXX.....	XXX.....	XXX.....	267,992	352,750	387,771	411,754	426,664	435,263	XXX.....	XXX.....
7. 2012.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	234,489	320,244	356,915	381,360	396,329	XXX.....	XXX.....
8. 2013.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	220,970	305,798	343,680	371,842	XXX.....	XXX.....
9. 2014.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	251,204	343,426	387,999	XXX.....	XXX.....
10. 2015.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	247,955	346,641	XXX.....	XXX.....
11. 2016.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	276,608	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 2007	2 2008	3 2009	4 2010	5 2011	6 2012	7 2013	8 2014	9 2015	10 2016
1. Prior.....	117,529	77,713	54,887	41,795	30,078	24,128	19,583	13,734	9,803	7,344
2. 2007.....	93,846	45,161	27,344	15,577	8,894	5,719	3,791	2,506	1,764	1,063
3. 2008.....	XXX.....	95,353	46,866	26,115	13,623	8,135	5,247	3,397	2,356	1,515
4. 2009.....	XXX.....	XXX.....	95,167	40,126	21,417	12,006	7,281	4,343	2,838	2,058
5. 2010.....	XXX.....	XXX.....	XXX.....	86,427	36,103	20,104	10,952	6,291	4,090	2,483
6. 2011.....	XXX.....	XXX.....	XXX.....	XXX.....	84,787	36,170	20,097	10,607	6,739	4,096
7. 2012.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	89,709	37,850	20,151	10,424	5,971
8. 2013.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	87,061	38,629	20,566	10,647
9. 2014.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	93,562	42,404	22,081
10. 2015.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	104,092	47,390
11. 2016.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	116,000

SCOTTSDALE INSURANCE COMPANY
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		4 Dividends Paid or Credited to Policyholders	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 (Incl. in Col. 2)	
		2 Direct Premiums Written	3 Direct Premiums Earned							
1. Alabama.....	AL E.....	24,375,411	26,023,956		7,318,405	9,491,542	13,276,955			
2. Alaska.....	AK E.....	3,606,114	3,727,716		.87,234	.257,418	3,165,408			
3. Arizona.....	AZ L.....	10,232,402	10,333,071		4,175,680	1,914,687	5,694,179	.740	107,621	
4. Arkansas.....	AR E.....	10,646,991	10,247,406		6,132,308	7,498,810	8,423,758			
5. California.....	CA E.....	286,055,480	270,116,025		.116,623,337	.92,597,658	.224,498,873	1,405		
6. Colorado.....	CO E.....	27,444,964	25,223,077		15,162,350	.27,542,347	36,840,064			
7. Connecticut.....	CT E.....	10,349,336	9,767,893		5,037,038	4,528,776	10,427,512			
8. Delaware.....	DE L.....	769,717	.745,004		.147,043	.....(114,673)	.911,309		
9. District of Columbia.....	DC E.....	12,441,196	12,120,336		305,911	1,606,941	6,528,934		7,233,188	
10. Florida.....	FL E.....	186,822,289	189,651,434		95,333,035	109,178,160	159,345,824			
11. Georgia.....	GA E.....	38,472,783	38,021,257		27,177,271	.27,404,560	33,734,784			
12. Hawaii.....	HI E.....	12,120,344	12,141,612		2,918,339	6,129,938	11,239,924			
13. Idaho.....	ID E.....	5,240,277	5,020,333		1,115,546	806,496	2,773,153	.90		
14. Illinois.....	IL E.....	36,979,489	35,156,304		11,729,839	.21,858,347	46,802,538			
15. Indiana.....	IN E.....	24,361,883	24,812,818		13,290,093	16,636,279	27,838,011	.395		
16. Iowa.....	IA E.....	6,789,954	7,015,413		1,834,907	.487,116	6,495,685			
17. Kansas.....	KS E.....	8,749,745	8,830,090		4,524,133	2,389,463	4,847,101			
18. Kentucky.....	KY E.....	8,131,229	7,987,915		3,836,422	2,756,856	6,658,243	.45		
19. Louisiana.....	LA E.....	84,882,945	88,443,222		41,514,127	.45,572,669	66,743,363			
20. Maine.....	ME E.....	1,660,643	1,835,926		.466,688	.521,008	1,653,492			
21. Maryland.....	MD E.....	12,768,810	11,950,928		9,585,086	5,530,054	10,909,596			
22. Massachusetts.....	MA E.....	24,085,138	22,948,950		10,999,345	8,408,937	27,635,456			
23. Michigan.....	MI E.....	11,578,803	11,274,469		3,803,224	6,572,661	14,937,418	.15		
24. Minnesota.....	MN E.....	14,034,572	14,924,150		5,127,680	7,147,780	15,426,397	.....(15)	
25. Mississippi.....	MS E.....	13,602,187	14,914,990		5,706,382	5,092,689	7,888,067			
26. Missouri.....	MO E.....	17,915,139	18,127,240		8,837,832	8,085,223	17,332,749			
27. Montana.....	MT E.....	8,326,194	8,455,356		4,679,261	4,309,662	10,926,979			
28. Nebraska.....	NE E.....	6,609,310	6,716,657		1,377,002	3,390,444	5,360,986			
29. Nevada.....	NV E.....	8,240,409	8,442,767		4,026,645	4,436,237	8,812,936			
30. New Hampshire.....	NH E.....	1,505,581	1,449,719		147,177	.217,435	1,953,961			
31. New Jersey.....	NJ E.....	61,197,495	61,515,153		42,099,827	.42,426,811	88,081,093	.50		
32. New Mexico.....	NM E.....	8,232,620	8,251,793		4,498,629	3,303,743	6,519,917			
33. New York.....	NY E.....	246,644,376	233,605,880		86,046,001	198,235,490	.551,382,621	.45		
34. North Carolina.....	NC E.....	29,621,874	29,377,391		7,429,278	8,787,622	15,860,116	.135		
35. North Dakota.....	ND E.....	3,344,562	3,334,645		.537,428	.848,702	1,459,873			
36. Ohio.....	OH L.....	4,720,583	5,138,650		1,188,948	1,006,840	4,237,791	.90	5,221	
37. Oklahoma.....	OK E.....	17,414,093	17,938,305		11,168,634	9,647,107	10,821,053	.50		
38. Oregon.....	OR E.....	13,366,587	14,039,543		6,232,996	12,156,919	18,033,186	.195		
39. Pennsylvania.....	PA E.....	25,845,372	24,881,667		13,027,776	11,285,404	41,003,084	.270		
40. Rhode Island.....	RI E.....	3,467,721	3,686,019		.993,791	.189,344	3,357,503			
41. South Carolina.....	SC E.....	23,973,930	24,639,669		18,736,056	.26,008,980	29,982,887			
42. South Dakota.....	SD E.....	1,893,603	1,887,035		.175,025	.213,203	.906,206			
43. Tennessee.....	TN E.....	14,845,403	14,693,526		16,661,351	.20,385,808	17,052,285			
44. Texas.....	TX E.....	170,176,116	166,495,660		85,437,822	.88,595,435	.133,446,098	.4,500	155,795	
45. Utah.....	UT E.....	8,549,462	8,203,753		1,714,516	1,745,656	.6,170,596			
46. Vermont.....	VT E.....	1,373,529	1,645,406		.74,135	.69,433	.1,695,364			
47. Virginia.....	VA E.....	22,458,818	22,571,886		5,739,143	6,912,741	17,054,882	.30		
48. Washington.....	WA E.....	28,134,124	26,551,728		9,248,410	13,174,090	26,346,285	.10		
49. West Virginia.....	WV E.....	5,454,366	5,900,762		.598,785	.974,056	4,726,974			
50. Wisconsin.....	WI E.....	8,818,103	8,298,706		2,711,531	1,749,371	5,457,341	.45		
51. Wyoming.....	WY E.....	3,474,715	3,551,054		1,124,602	1,521,658	1,698,188			
52. American Samoa.....	AS N.....									
53. Guam.....	GU N.....									
54. Puerto Rico.....	PR E.....	171,004	158,823			36,489	147,208			
55. US Virgin Islands.....	VI E.....	413,000	285,542			.66,158	.66,158			
56. Northern Mariana Islands.....	MP N.....									
57. Canada.....	CAN N.....	.27,174	.19,209			.1,067	.1,294			
58. Aggregate Other Alien.....	OT XXX	5,463	.240,712	0	.162,055	.....(175,280)	.378,677	0	0
59. Totals.....		(a) 3	1,622,423,428	1,593,338,551	0	.728,626,079	.881,422,367	1,784,970,335	8,095	7,501,825

DETAILS OF WRITE-INS

58001. BMU Bermuda.....	XXX		169,950			.57,418	.221,980		
58002. EG England.....	XXX	5,463	.70,762		.162,055	.....(232,698)	.156,697		
58003.	XXX								
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
58999. Totals (Lines 58001 thru 58003+ Line 58998) (Line 58 above)	XXX	5,463	.240,712	0	.162,055	.....(175,280)	.378,677	0	0

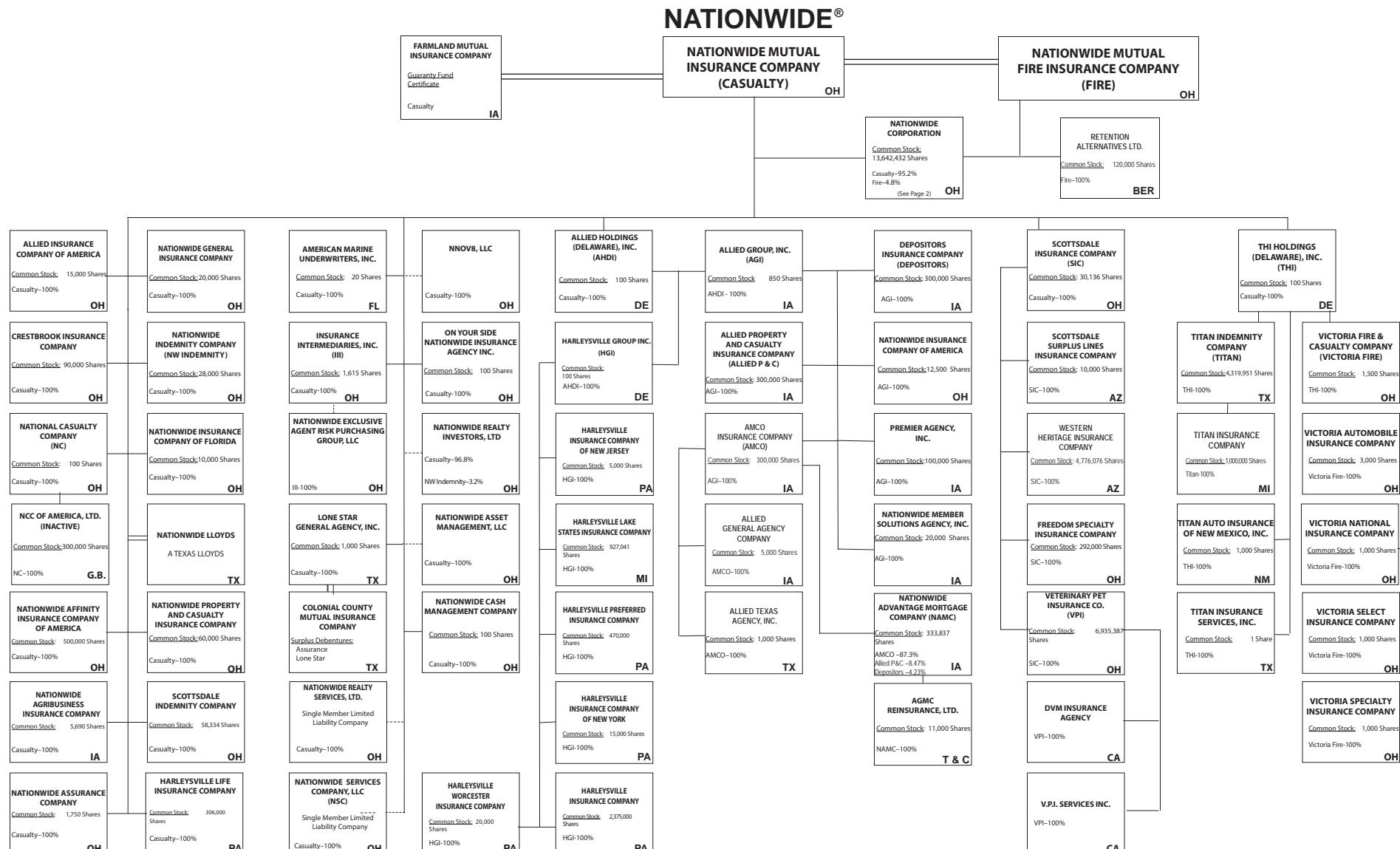
(a) Insert the number of "L" responses except for Canada and Other Alien.

(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.

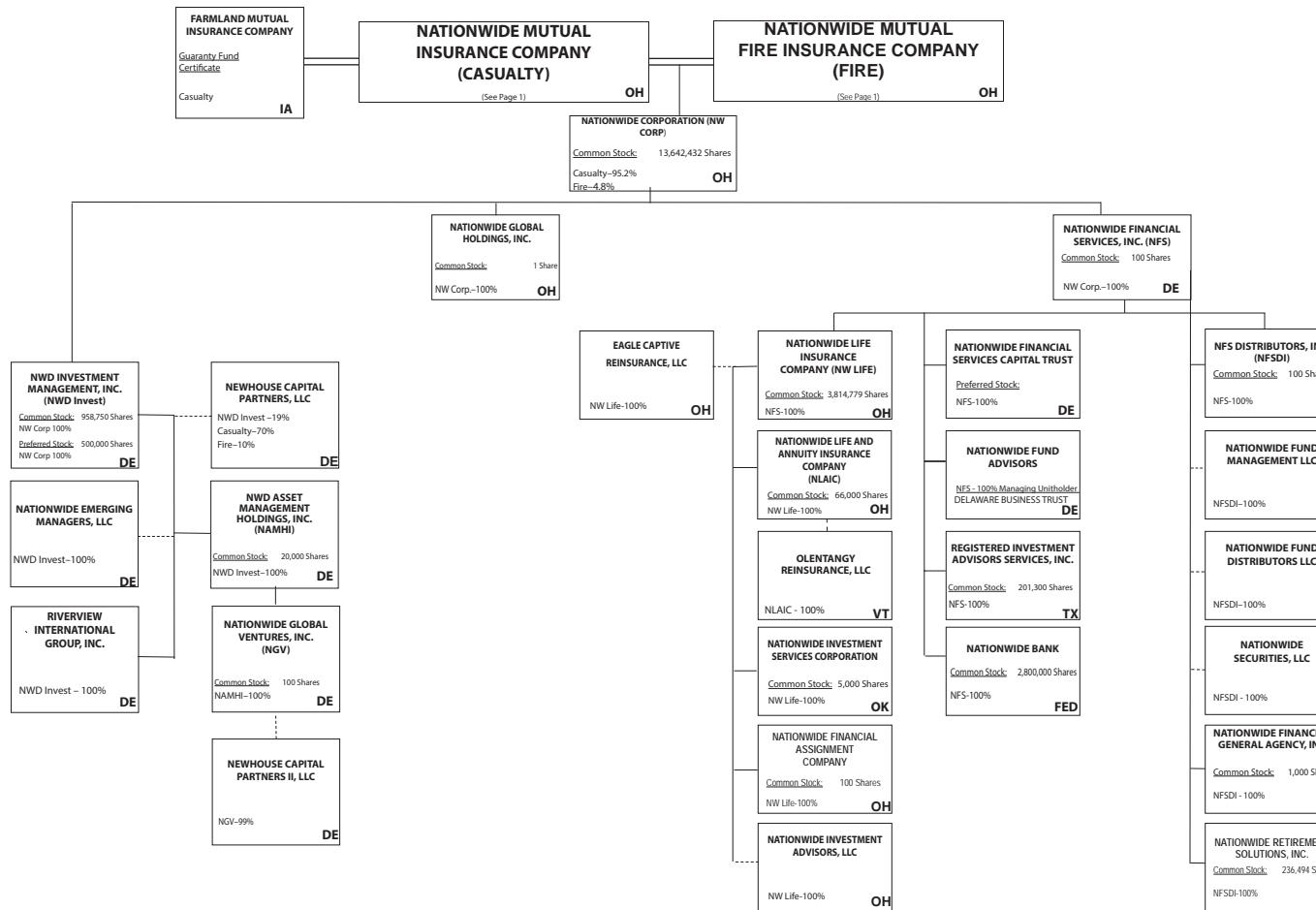


Subsidiary Companies — Solid Line
Contractual Association = Double Line
Limited Liability Company - Dotted Line

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(Casualty/Fire subsidiaries)

NATIONWIDE®



(Nationwide Corp. subsidiaries)

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

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NATIONWIDE INSURANCE COMPANIES

NAIC Group Code	Group Name	NAIC Company Code	State of Domicile	Federal ID Number	Name of Company
0140	Nationwide	10127	OH	27-0114983	Allied Insurance Company of America
0140	Nationwide	42579	IA	42-1201931	Allied Property and Casualty Insurance Company
0140	Nationwide	19100	IA	42-6054959	AMCO 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	15821	OH	42-4523959	Eagle Captive Reinsurance, LLC
0140	Nationwide	13838	IA	42-0618271	Farmland Mutual Insurance Company
0140	Nationwide	22209	OH	75-6013587	Freedom Specialty Insurance Company
0140	Nationwide	23582	PA	41-0417250	Harleysville Insurance Company
0140	Nationwide	42900	NJ	23-2253669	Harleysville Insurance Company of New Jersey
0140	Nationwide	10674	PA	23-2864924	Harleysville Insurance Company of New York
0140	Nationwide	14516	MI	38-3198542	Harleysville Lake States Insurance Company
0140	Nationwide	64327	PA	23-1580983	Harleysville Life Insurance Company
0140	Nationwide	35696	PA	23-2384978	Harleysville Preferred Insurance Company
0140	Nationwide	26182	PA	04-1989660	Harleysville Worcester Insurance Company
0140	Nationwide	11991	OH	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	OH	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	OH	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	13999	VT	27-1712056	Olentangy Reinsurance, LLC
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	OH	95-3750113	Veterinary Pet Insurance Company
0140	Nationwide	10644	OH	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

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