



# ANNUAL STATEMENT

For the Year Ended December 31, 2017  
of the Condition and Affairs of the

## SCOTTSDALE INSURANCE COMPANY

NAIC Group Code..... 0140, 0140  
(Current Period) (Prior Period)

Organized under the Laws of OH

Incorporated/Organized..... January 4, 1982

Statutory Home Office

Main Administrative Office

Mail Address

Primary Location of Books and Records

Internet Web Site Address

Statutory Statement Contact

NAIC Company Code..... 41297

Employer's ID Number..... 31-1024978

State of Domicile or Port of Entry OH

Country of Domicile US

Commenced Business..... July 1, 1982

ONE WEST NATIONWIDE BLVD..... COLUMBUS ..... OH ..... US ..... 43215-2220  
(Street and Number) (City or Town, State, County and Zip Code)

8877 N. GAINY CENTER DRIVE..... SCOTTSDALE ..... AZ ..... US..... 85258-2108 480-365-4000  
(Street and Number) (City or Town, State, County and Zip Code) (Area Code) (Telephone Number)

ONE WEST NATIONWIDE BLVD., 1-04-701..... COLUMBUS ..... OH ..... US ..... 43215-2220  
(Street and Number or P. O. Box) (City or Town, State, County and Zip Code)

ONE WEST NATIONWIDE BLVD., 1-04-701..... COLUMBUS ..... OH.....US .... 43215-2220 614-249-1545  
(Street and Number) (City or Town, State, County and Zip Code) (Area Code) (Telephone Number)

WWW.SCOTTSDALEINS.COM

CHERYL M. DENNIS

(Name)

FINRPT@NATIONWIDE.COM

(E-Mail Address)

614-249-1545

(Area Code) (Telephone Number) (Extension)

866-315-1430

(Fax Number)

### OFFICERS

Name	Title	Name	Title
1. THOMAS EDWARD CLARK	PRESIDENT	2. ROBERT WILLIAM HORNER III	VP & SECRETARY
3. KENNETH ARI LEVINE	VP & TREASURER		

PAMELA ANN BIESECKER	SVP-HEAD OF TAXATION	THOMAS WAYNE JURGENS	SVP-BRKG-E&S
GALE VERDELL KING	EXEC VP-CHIEF ADMIN OFFC	DAVID NEIL NELSON	SVP-CONTRC & PRG UNDRW

### OTHER

MARK ALLEN BERVEN  
DAVID NEIL NELSON

THOMAS EDWARD CLARK

THOMAS WAYNE JURGENS

MICHAEL PATRICK LEACH

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

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

(Signature)

THOMAS EDWARD CLARK

1. (Printed Name)  
PRESIDENT

(Title)

(Signature)

ROBERT WILLIAM HORNER III

2. (Printed Name)  
VP & SECRETARY

(Title)

(Signature)

KENNETH ARI LEVINE

3. (Printed Name)  
VP & TREASURER

(Title)

Subscribed and sworn to before me  
This 1 day of February 2018

Yes [X] No [ ]

a. Is this an original filing?

b. If no 1. State the amendment number  
2. Date filed  
3. Number of pages attached



Norma J. Perkins  
Notary Public, State of Ohio  
My Commission Expires  
April 22, 2020

**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).....	1,227,131,303		1,227,131,303	1,226,387,518
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			0	
2.2 Common stocks.....	288,805,260		288,805,260	287,086,358
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 (\$....(80,748,276), Schedule E-Part 1), cash equivalents (\$.....0, Schedule E-Part 2) and short-term investments (\$....49,180,086, Schedule DA).....	(31,568,190)		(31,568,190)	(33,731,504)
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives (Schedule DB).....			0	
8. Other invested assets (Schedule BA).....			0	
9. Receivables for securities.....	59		59	
10. Securities lending reinvested collateral assets (Schedule DL).....	9,033,805		9,033,805	9,356,865
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	1,493,402,237	0	1,493,402,237	1,489,099,237
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	10,295,512		10,295,512	10,400,936
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	519,885,686	20,963,899	498,921,787	562,535,966
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	242,106,396	188,742	241,917,654	247,579,441
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0).....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	215,958,169		215,958,169	192,111,654
16.2 Funds held by or deposited with reinsured companies.....	684,601		684,601	588,152
16.3 Other amounts receivable under reinsurance contracts.....	7,008,714		7,008,714	8,637,075
17. Amounts receivable relating to uninsured plans.....			0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....	8,267,057		8,267,057	
18.2 Net deferred tax asset.....	35,271,016		35,271,016	48,516,720
19. Guaranty funds receivable or on deposit.....	89,422		89,422	(18,504)
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.....	247		247	
23. Receivables from parent, subsidiaries and affiliates.....	14,044,187	300	14,043,887	113,886,544
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other-than-invested assets.....	13,262,867	2,256,566	11,006,301	9,987,892
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	2,560,276,110	23,409,507	2,536,866,603	2,683,325,113
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTAL (Lines 26 and 27).....	2,560,276,110	23,409,507	2,536,866,603	2,683,325,113

**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.....	987,457	987,457	0	
2502. Funds held equity pools & associations.....	6,037,949		6,037,949	5,519,637
2503. Miscellaneous assets.....	2,696,375		2,696,375	2,647,409
2598. Summary of remaining write-ins for Line 25 from overflow page.....	3,541,086	1,269,109	2,271,977	1,820,846
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	13,262,867	2,256,566	11,006,301	9,987,892

**SCOTTSDALE INSURANCE COMPANY**  
**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	518,593,774	484,144,500
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	124,018,235	113,527,907
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	91,979,999	90,174,456
4. Commissions payable, contingent commissions and other similar charges.....	13,928,974	15,567,508
5. Other expenses (excluding taxes, licenses and fees).....	7,906,457	4,818,833
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	4,201,779	3,607,370
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....		3,109,291
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 \$.....1,431,201,541 and including warranty reserves of \$.....565,834 and accrued accident and health experience rating refunds including \$.....0 for medical loss ratio rebate per the Public Health Service Act).....	309,110,540	315,232,712
10. Advance premium.....	5,253,925	5,547,652
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....	448,082	578,001
12. Ceded reinsurance premiums payable (net of ceding commissions).....	672,661,707	712,194,515
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....	665,828	547,812
14. Amounts withheld or retained by company for account of others.....	12,597,589	11,788,401
15. Remittances and items not allocated.....	620,218	5,004,411
16. Provision for reinsurance (including \$.....0 certified) (Schedule F, Part 8).....	2,724,684	13,681,238
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		281
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....	16,705,489	110,913,523
20. Derivatives.....		
21. Payable for securities.....		
22. Payable for securities lending.....	9,146,161	9,468,436
23. Liability for amounts held under uninsured plans.....		
24. Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	8,513,267	8,138,084
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	1,799,076,708	1,908,044,931
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	1,799,076,708	1,908,044,931
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).....	557,789,395	595,279,682
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).....	737,789,895	775,280,182
38. TOTAL (Page 2, Line 28, Col. 3).....	2,536,866,603	2,683,325,113

**DETAILS OF WRITE-INS**

2501. Contingent suit liability.....	341,145	409,348
2502. Escrow liability.....	100,200	67,600
2503. Miscellaneous liabilities.....	526,146	736,798
2598. Summary of remaining write-ins for Line 25 from overflow page.....	7,545,776	6,924,338
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	8,513,267	8,138,084
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
<b>UNDERWRITING INCOME</b>		
1. Premiums earned (Part 1, Line 35, Column 4).....	760,864,483	767,750,717
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7).....	537,593,425	501,138,961
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	79,170,054	72,312,412
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	240,197,284	247,993,289
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	856,960,763	821,444,662
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	(96,096,280)	(53,693,945)
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	38,513,013	38,403,137
10. Net realized capital gains (losses) less capital gains tax of \$....96,110 (Exhibit of Capital Gains (Losses)).....	(422,024)	24,375,413
11. Net investment gain (loss) (Lines 9 + 10).....	38,090,989	62,778,550
<b>OTHER INCOME</b>		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$....120,994 amount charged off \$....3,399,256).....	(3,278,262)	(3,244,243)
13. Finance and service charges not included in premiums.....	4,743,430	5,821,389
14. Aggregate write-ins for miscellaneous income.....	9,215,644	3,089,670
15. Total other income (Lines 12 through 14).....	10,680,812	5,668,816
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	(47,324,479)	14,751,421
17. Dividends to policyholders.....	502,664	526,212
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).....	(47,827,143)	14,225,209
19. Federal and foreign income taxes incurred.....	(7,550,963)	(2,799,023)
20. Net income (Line 18 minus Line 19) (to Line 22).....	(40,276,180)	17,024,232
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	775,280,182	766,142,926
22. Net income (from Line 20).....	(40,276,180)	17,024,232
23. Net transfers (to) from Protected Cell accounts.....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$....(431,169).....	7,559,530	(3,821,554)
25. Change in net unrealized foreign exchange capital gain (loss).....	438,569	127,059
26. Change in net deferred income tax.....	(17,060,529)	(936,093)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....	9,760,626	(6,852,503)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	10,956,554	189,329
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.....	(8,868,857)	3,406,786
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	(37,490,287)	9,137,256
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	737,789,895	775,280,182

### 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.....	68,202	(5,149)
1402. Other income.....	9,147,442	3,094,819
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).....	9,215,644	3,089,670
3701. Change in surplus miscellaneous.....	(8,868,857)	3,406,786
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).....	(8,868,857)	3,406,786

# SCOTTSDALE INSURANCE COMPANY

## CASH FLOW

	1 Current Year	2 Prior Year
<b>CASH FROM OPERATIONS</b>		
1. Premiums collected net of reinsurance.....	784,587,811	789,635,995
2. Net investment income.....	43,664,140	45,500,866
3. Miscellaneous income.....	12,212,725	2,884,744
4. Total (Lines 1 through 3).....	840,464,676	838,021,605
5. Benefit and loss related payments.....	516,440,262	508,326,134
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	318,016,067	321,260,329
7. Commissions, expenses paid and aggregate write-ins for deductions.....	632,582	555,073
8. Dividends paid to policyholders.....	3,921,495	1,069,231
9. Federal and foreign income taxes paid (recovered) net of \$ 5,782,705 tax on capital gains (losses).....	839,010,406	831,210,767
10. Total (Lines 5 through 9).....	1,454,270	6,810,838
11. Net cash from operations (Line 4 minus Line 10).....		
<b>CASH FROM INVESTMENTS</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	134,672,337	251,587,659
12.2 Stocks.....	.....	.....
12.3 Mortgage loans.....	.....	.....
12.4 Real estate.....	.....	.....
12.5 Other invested assets.....	.....	.....
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	536	2,242
12.7 Miscellaneous proceeds.....	311,626	2,519,612
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	134,984,499	254,109,513
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	134,929,337	255,120,375
13.2 Stocks.....	.....	8,000,000
13.3 Mortgage loans.....	.....	.....
13.4 Real estate.....	.....	.....
13.5 Other invested assets.....	.....	.....
13.6 Miscellaneous applications.....	60	.....
13.7 Total investments acquired (Lines 13.1 to 13.6).....	134,929,397	263,120,375
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).....	55,102	(9,010,862)
<b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>		
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).....	653,942	4,268,945
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	653,942	4,268,945
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	2,163,314	2,068,921
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	(33,731,504)	(35,800,425)
19.2 End of year (Line 18 plus Line 19.1).....	(31,568,190)	(33,731,504)

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

20.0001 Exchange of bond investment to bond investment.....	8,593,975	13,355,064
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.....	8,577,735	4,554,422	4,357,472	8,774,685
2. Allied lines.....	12,988,629	6,273,222	6,434,168	12,827,683
3. Farmowners multiple peril.....	19,946,748	9,019,224	9,702,287	19,263,685
4. Homeowners multiple peril.....	127,639,407	68,121,261	67,989,084	127,771,584
5. Commercial multiple peril.....	96,955,288	47,940,275	46,961,301	97,934,262
6. Mortgage guaranty.....	0		0	0
8. Ocean marine.....	462,706	148,719	183,874	427,551
9. Inland marine.....	25,598,327	11,261,801	12,443,441	24,416,687
10. Financial guaranty.....	0		0	0
11.1 Medical professional liability - occurrence.....	(868)	(4)	(369)	(503)
11.2 Medical professional liability - claims-made.....	54,990	71,785	1,395	125,380
12. Earthquake.....	1,583,782	909,895	804,709	1,688,968
13. Group accident and health.....	6,176,560	11,278	19,958	6,167,880
14. Credit accident and health (group and individual).....	0		0	0
15. Other accident and health.....	31,114	17,787	9,327	39,574
16. Workers' compensation.....	17,237,496	8,463,647	7,409,138	18,292,005
17.1 Other liability - occurrence.....	50,929,721	24,130,850	23,097,183	51,963,388
17.2 Other liability - claims-made.....	19,302,355	8,573,411	9,524,995	18,350,771
17.3 Excess workers' compensation.....	0		0	0
18.1 Products liability - occurrence.....	3,925,691	1,994,024	1,845,669	4,074,046
18.2 Products liability - claims-made.....	8,251	4,930	3,666	9,515
19.1, 19.2 Private passenger auto liability.....	172,267,185	53,324,921	50,973,192	174,618,914
19.3, 19.4 Commercial auto liability.....	51,336,213	24,509,510	23,113,539	52,732,184
21. Auto physical damage.....	137,564,125	44,836,960	42,911,245	139,489,840
22. Aircraft (all perils).....	0		0	0
23. Fidelity.....	138,544	91,606	86,405	143,745
24. Surety.....	1,518,513	587,639	681,065	1,425,087
26. Burglary and theft.....	174,867	88,292	80,184	182,975
27. Boiler and machinery.....	(14,406)	(94,872)	(94,572)	(14,706)
28. Credit.....	7,966	13,449	14,650	6,765
29. International.....	0		0	0
30. Warranty.....	201,950	516,433	565,834	152,549
31. Reinsurance - nonproportional assumed property.....	122,782	(123,358)	(544)	(32)
32. Reinsurance - nonproportional assumed liability.....	(809)	809	0	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.....	754,734,862	315,247,917	309,118,296	760,864,483

**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.....	4,346,155	11,317			4,357,472
2. Allied lines.....	6,246,540	187,628			6,434,168
3. Farmowners multiple peril.....	9,702,287	-			9,702,287
4. Homeowners multiple peril.....	67,577,077	412,007			67,989,084
5. Commercial multiple peril.....	46,938,361	22,940			46,961,301
6. Mortgage guaranty.....		-			0
8. Ocean marine.....	183,566	308			183,874
9. Inland marine.....	12,428,759	14,682			12,443,441
10. Financial guaranty.....		-			0
11.1 Medical professional liability - occurrence.....	(369)	-			(369)
11.2 Medical professional liability - claims-made.....	1,395	-			1,395
12. Earthquake.....	799,915	4,794			804,709
13. Group accident and health.....	19,958	-			19,958
14. Credit accident and health (group and individual).....		-			0
15. Other accident and health.....	1,571	-		7,756	9,327
16. Workers' compensation.....	7,409,088	.50			7,409,138
17.1 Other liability - occurrence.....	22,516,062	.581,121			23,097,183
17.2 Other liability - claims-made.....	9,069,585	.455,410			9,524,995
17.3 Excess workers' compensation.....					0
18.1 Products liability - occurrence.....	1,773,958	.71,711			1,845,669
18.2 Products liability - claims-made.....	3,666	-			3,666
19.1, 19.2 Private passenger auto liability.....	.50,973,186	6			.50,973,192
19.3, 19.4 Commercial auto liability.....	23,102,873	10,666			23,113,539
21. Auto physical damage.....	42,908,472	2,773			42,911,245
22. Aircraft (all perils).....		-			0
23. Fidelity.....	.53,584	32,821			.86,405
24. Surety.....	525,665	.155,400			681,065
26. Burglary and theft.....	.80,177	7			.80,184
27. Boiler and machinery.....	(94,572)	-			(94,572)
28. Credit.....	1	14,649			.14,650
29. International.....		-			0
30. Warranty.....	.40,470	.525,364			.565,834
31. Reinsurance - nonproportional assumed property.....	(678)	134			(544)
32. Reinsurance - nonproportional assumed liability.....		-			0
33. Reinsurance - nonproportional assumed financial lines.....		-			0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0
35. TOTALS.....	306,606,752	2,503,788	0	7,756	309,118,296
36. Accrued retrospective premiums based on experience.....					(7,756)
37. Earned but unbilled premiums.....					0
38. Balance (sum of Lines 35 through 37).....					.309,110,540

**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.....	48,621,992	14,449,933	920	54,441,797	53,313	8,577,735
2. Allied lines.....	153,440,392	23,142,020	232,785	163,363,280	463,288	12,988,629
3. Farmowners multiple peril.....	2,726,307	19,973,107		2,752,666		19,946,748
4. Homeowners multiple peril.....	82,568,913	130,365,932	1,966	85,074,741	222,663	127,639,407
5. Commercial multiple peril.....	383,692,729	205,905,376	4,367,033	496,132,091	877,759	96,955,288
6. Mortgage guaranty.....						0
8. Ocean marine.....		12,616,705		11,575,362	578,637	462,706
9. Inland marine.....	17,561,024	325,777,968		316,986,926	753,739	25,598,327
10. Financial guaranty.....						0
11.1 Medical professional liability - occurrence.....		(868)				(868)
11.2 Medical professional liability - claims-made.....	278,825	1,150,923		1,374,758		54,990
12. Earthquake.....	6,788,244	1,687,333		6,875,795	16,000	1,583,782
13. Group accident and health.....		6,176,560				6,176,560
14. Credit accident and health (group and individual).....						0
15. Other accident and health.....		31,114				31,114
16. Workers' compensation.....		77,301,392		55,629,632	4,434,264	17,237,496
17.1 Other liability - occurrence.....	541,812,659	198,284,591	3,076,378	612,015,708	80,228,199	50,929,721
17.2 Other liability - claims-made.....	312,085,236	312,588,257	3,056,790	478,051,831	130,376,097	19,302,355
17.3 Excess workers' compensation.....						0
18.1 Products liability - occurrence.....	22,047,877	4,336,046		22,371,097	87,135	3,925,691
18.2 Products liability - claims-made.....	152,087	62,430		206,266		8,251
19.1, 19.2 Private passenger auto liability.....		172,272,717		5,532		172,267,185
19.3, 19.4 Commercial auto liability.....	94,643,916	300,839,205	4,911	336,569,466	7,582,353	51,336,213
21. Auto physical damage.....	21,066,368	226,451,855	14	109,858,707	95,405	137,564,125
22. Aircraft (all perils).....						0
23. Fidelity.....	110	140,309		1,875		138,544
24. Surety.....		2,568,152		(817,683)	1,867,322	1,518,513
26. Burglary and theft.....	96,762	556,218		471,983	6,130	174,867
27. Boiler and machinery.....	3,339,250	2,916,807		24,762	6,245,701	(14,406)
28. Credit.....	583,027	23,345		199,152	399,254	7,966
29. International.....						0
30. Warranty.....		29,405,916		5,048,755	24,155,211	201,950
31. Reinsurance - nonproportional assumed property.....	XXX	122,782				122,782
32. Reinsurance - nonproportional assumed liability.....	XXX	(809)				(809)
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.....	1,691,505,718	2,069,145,316	10,740,797	2,758,214,499	258,442,470	754,734,862

**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.....	41,268,586	13,226,111	46,986,293	7,508,404	3,425,977	2,910,327	8,024,054	91.4
2. Allied lines.....	63,824,154	14,558,894	67,089,441	11,293,607	5,201,357	3,256,199	13,238,765	103.2
3. Farmowners multiple peril.....	1,524,982	15,674,226	1,524,983	15,674,225	7,441,418	4,372,978	18,742,665	97.3
4. Homeowners multiple peril.....	51,689,881	105,018,161	52,528,423	104,179,619	39,618,000	26,284,021	117,513,598	92.0
5. Commercial multiple peril.....	199,298,270	150,451,931	289,662,029	60,088,172	91,991,908	84,054,907	68,025,173	69.5
6. Mortgage guaranty.....				0	0	0	0	0.0
8. Ocean marine.....	11,910	7,584,009	7,304,168	291,751	393,203	320,916	364,038	85.1
9. Inland marine.....	9,784,949	227,714,722	223,286,971	14,212,700	3,349,837	2,642,548	14,919,989	61.1
10. Financial guaranty.....				0	0	0	0	0.0
11.1 Medical professional liability - occurrence.....		45,086	18,352	26,734	54,492	32,494	48,732	(9,688.3)
11.2 Medical professional liability - claims-made.....	15,000	1,351,934	1,314,360	52,574	344,312	395,631	1,255	1.0
12. Earthquake.....	193,212	10,449	193,212	10,449	16,166	21,746	4,869	0.3
13. Group accident and health.....		3,415,070	182,757	3,232,313	78,874	46,403	3,264,784	52.9
14. Credit accident and health (group and individual).....				0	0	0	0	0.0
15. Other accident and health.....		107,404	20,379	87,025	66,994	81,523	72,496	183.2
16. Workers' compensation.....		29,787,167	20,609,917	9,177,250	45,370,032	45,608,584	8,938,698	48.9
17.1 Other liability - occurrence.....	296,305,727	124,034,189	395,527,427	24,812,489	94,016,464	85,253,732	33,575,221	64.6
17.2 Other liability - claims-made.....	64,531,611	105,396,228	165,526,993	4,400,846	13,332,743	11,077,282	6,656,307	36.3
17.3 Excess workers' compensation.....				0	0	0	0	0.0
18.1 Products liability - occurrence.....	27,870,594	6,045,852	31,834,864	2,081,582	6,897,455	7,006,688	1,972,349	48.4
18.2 Products liability - claims-made.....	75,000	3,000	75,000	3,000	2	4	2,998	31.5
19.1, 19.2 Private passenger auto liability.....		121,627,952	1,586	121,626,366	126,561,285	137,328,135	110,859,516	63.5
19.3, 19.4 Commercial auto liability.....	32,646,494	235,274,809	230,983,953	36,937,350	75,937,625	69,823,162	43,051,813	81.6
21. Auto physical damage.....	5,099,813	139,957,372	57,277,312	87,779,873	3,908,594	3,979,345	87,709,122	62.9
22. Aircraft (all perils).....				0	0	0	0	0.0
23. Fidelity.....		56,502		56,502	18,806	38,939	36,369	25.3
24. Surety.....		60,357		60,357	458,962	225,953	293,366	20.6
26. Burglary and theft.....	150,000	75,890	184,129	41,761	15,900	32,983	24,678	13.5
27. Boiler and machinery.....	1,297,205	561,784	1,857,620	1,369	83,694	2,483	82,579	(561.5)
28. Credit.....	1,106,640	7,911	1,106,640	7,911	920	3,600	5,230	77.3
29. International.....				0	0	0	0	0.0
30. Warranty.....		11,737,922	11,549,038	188,884	8,760	32,880	164,764	108.0
31. Reinsurance - nonproportional assumed property.....	XXX	(688,959)		(688,959)	(4)	(688,963)	0	0.0
32. Reinsurance - nonproportional assumed liability.....	XXX			0	0	0	0	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.....	796,694,024	1,313,095,973	1,606,645,846	503,144,151	518,593,774	484,144,500	537,593,425	70.7
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.....	7,180,976	3,021,853	7,558,110	2,644,719	9,559,386	1,635,591	10,413,719	3,425,977	417,354
2. Allied lines.....	61,188,398	4,067,274	61,641,266	3,614,406	30,537,424	3,003,523	31,953,996	5,201,357	637,698
3. Farmowners multiple peril.....	965,648	7,098,461	985,648	7,078,461	592,839	538,532	768,414	7,441,418	1,245,836
4. Homeowners multiple peril.....	14,938,136	39,517,522	15,091,153	39,364,505	13,646,363	558,906	13,951,774	39,618,000	4,234,036
5. Commercial multiple peril.....	108,335,036	159,518,322	202,605,961	65,247,397	116,464,750	91,531,799	181,252,038	91,991,908	25,860,815
6. Mortgage guaranty.....				0				0	
8. Ocean marine.....		7,042,903	6,779,077	263,826	(17)	3,366,575	3,237,181	393,203	74,142
9. Inland marine.....	1,129,896	6,308,226	6,704,816	733,306	819,886	44,722,350	42,925,705	3,349,837	272,017
10. Financial guaranty.....				0				0	
11.1 Medical professional liability - occurrence.....	(60,000)	122,942	6,880	56,062	(59,593)	(1,570)	(59,593)	54,492	6,270
11.2 Medical professional liability - claims-made.....	2,280,000	4,470,301	6,490,674	259,627	312,002	1,889,785	2,117,102	344,312	162,408
12. Earthquake.....				0	75,286	16,385	75,505	16,166	7,355
13. Group accident and health.....		2,198		2,198		76,676	(a)	78,874	4,137
14. Credit accident and health (group and individual).....				0				0	
15. Other accident and health.....		61,256	14,877	46,379		20,615	(a)	66,994	3,658
16. Workers' compensation.....		79,962,101	43,896,828	36,065,273		44,275,985	34,971,226	45,370,032	4,493,612
17.1 Other liability - occurrence.....	644,723,818	301,056,917	894,040,676	51,740,059	593,704,512	290,156,974	841,585,081	94,016,464	16,886,654
17.2 Other liability - claims-made.....	74,854,345	61,744,929	133,060,672	3,538,602	148,588,696	235,152,126	373,946,681	13,332,743	9,293,939
17.3 Excess workers' compensation.....				0				0	
18.1 Products liability - occurrence.....	46,034,342	12,818,610	55,110,167	3,742,785	62,231,634	6,913,203	65,990,167	6,897,455	4,692,531
18.2 Products liability - claims-made.....				0		2		2	321
19.1, 19.2 Private passenger auto liability.....		96,763,095	20,000	96,743,095		29,818,173	(17)	126,561,285	13,340,916
19.3, 19.4 Commercial auto liability.....	44,038,550	302,731,846	294,768,105	52,002,291	42,905,429	188,980,885	207,950,980	75,937,625	8,454,279
21. Auto physical damage.....	549,592	13,750,648	8,611,447	5,688,793	158,669	(1,162,666)	776,202	3,908,594	1,739,713
22. Aircraft (all perils).....				0				0	
23. Fidelity.....		14,412		14,412		4,394		18,806	4,488
24. Surety.....		216,926		216,926		972,002	729,966	458,962	113,283
26. Burglary and theft.....	75,908	46,278	108,510	13,676		2,560	336	15,900	1,817
27. Boiler and machinery.....	512,366	132,175	676,906	(32,365)	240,193	144,850	268,984	83,694	32,764
28. Credit.....				0	(33,596)	53,518	19,002	920	(40)
29. International.....				0				0	
30. Warranty.....				0	9,244	277,518	278,002	8,760	(4)
31. Reinsurance - nonproportional assumed property.....	XXX	(4)		(4)	XXX			(4)	
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.....	1,006,747,011	1,100,469,191	1,738,171,773	369,044,429	1,019,753,107	942,948,689	1,813,152,451	518,593,774	91,979,999

## 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.....	176,165,270			176,165,270
1.2 Reinsurance assumed.....	162,607,833			162,607,833
1.3 Reinsurance ceded.....	306,313,168			306,313,168
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	32,459,935	0	0	32,459,935
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....		361,573,715		361,573,715
2.2 Reinsurance assumed, excluding contingent.....		404,295,407		404,295,407
2.3 Reinsurance ceded, excluding contingent.....		665,706,704		665,706,704
2.4 Contingent - direct.....		45,463,401		45,463,401
2.5 Contingent - reinsurance assumed.....		14,360,168		14,360,168
2.6 Contingent - reinsurance ceded.....		43,741,420		43,741,420
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	116,244,567	0	116,244,567
3. Allowances to manager and agents.....	.2,073	94,880		96,953
4. Advertising.....	36,059	11,282,686	7	11,318,752
5. Boards, bureaus and associations.....	50,435	343,482		393,917
6. Surveys and underwriting reports.....	42,686	4,763,680		4,806,366
7. Audit of assureds' records.....		141,300		141,300
8. Salary and related items:				
8.1 Salaries.....	29,338,814	50,221,452	47,445	79,607,711
8.2 Payroll taxes.....	.46	7,216,128		7,216,174
9. Employee relations and welfare.....	5,972,169	2,544,631	11,515	8,528,315
10. Insurance.....	.137,419	361,566		498,985
11. Directors' fees.....	22,927	87,727	6,655	117,309
12. Travel and travel items.....	1,867,466	2,607,577	2,299	4,477,342
13. Rent and rent items.....	1,685,949	6,431,213	631	8,117,793
14. Equipment.....	1,094,178	2,447,363	2,174	3,543,715
15. Cost or depreciation of EDP equipment and software.....	.519,651	(212,584)	1	307,068
16. Printing and stationery.....	.314,090	1,137,511	21	1,451,622
17. Postage, telephone and telegraph, exchange and express.....	.616,427	1,730,013	10,518	2,356,958
18. Legal and auditing.....	.934,445	6,671,573	4,964	7,610,982
19. Totals (Lines 3 to 18).....	42,634,834	97,870,198	86,230	140,591,262
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0.....		11,768,949		11,768,949
20.2 Insurance department licenses and fees.....		2,611,719		2,611,719
20.3 Gross guaranty association assessments.....		161,171		161,171
20.4 All other (excluding federal and foreign income and real estate).....		1,134,682		1,134,682
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....0.....	0	15,676,521	0	15,676,521
21. Real estate expenses.....				0
22. Real estate taxes.....		.136,077		136,077
23. Reimbursements by uninsured plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	4,075,285	10,269,921	855,513	15,200,719
25. Total expenses incurred.....	79,170,054	240,197,284	941,743	(a).....320,309,081
26. Less unpaid expenses - current year.....	91,979,999	25,947,788		117,927,788
27. Add unpaid expenses - prior year.....	.90,174,456	24,012,215		114,186,671
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).....	77,364,511	238,261,711	941,743	316,567,964

**DETAILS OF WRITE-INS**

2401. Service fees.....		(1,951,449)		(1,951,449)
2402. Other expenses.....	3,506,329	7,612,854	855,448	11,974,631
2403. Outside services and income.....	.568,956	4,606,750	65	5,175,771
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	1,766	0	1,766
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above).....	4,075,285	10,269,921	855,513	15,200,719

(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).....2,792,388	.....2,840,131
1.1 Bonds exempt from U.S. tax.....	(a).....6,653,927	.....6,473,461
1.2 Other bonds (unaffiliated).....	(a).....29,657,281	.....29,609,827
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).....435,708	.....435,708
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).....3,476	.....3,476
9. Aggregate write-ins for investment income.....	99,106	99,106
10. Total gross investment income.....	39,638,410	.....39,458,233
11. Investment expenses.....	(g).....941,743	.....
12. Investment taxes, licenses and fees, excluding federal income taxes.....	(g).....	.....
13. Interest expense.....	(h).....	.....
14. Depreciation on real estate and other invested assets.....	(i).....0	.....0
15. Aggregate write-ins for deductions from investment income.....	(j).....945,219	.....945,219
16. Total deductions (Lines 11 through 15).....	.....	.....
17. Net investment income (Line 10 minus Line 16).....	.....38,513,014	.....

**DETAILS OF WRITE-INS**

0901. Misc. Income.....	(1,130)	.....(1,130)
0902. Securities Lending.....	100,236	.....100,236
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).....	99,106	99,106
1501. Misc. Exp.....	.....	.....3,476
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).....	.....3,476	.....

(a) Includes \$....1,074,389 accrual of discount less \$....6,120,619 amortization of premium and less \$....350,553 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.....	.....0	.....	.....0	.....4,443,650	.....
1.1 Bonds exempt from U.S. tax.....	(7)	.....	(7)	.....	.....
1.2 Other bonds (unaffiliated).....	(326,439)	.....	(326,439)	.....977,242	.....438,569
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	.....1,718,902	.....
3. Mortgage loans.....	.....	.....	0	.....	.....
4. Real estate.....	.....	.....	0	.....	.....
5. Contract loans.....	.....	.....	0	.....	.....
6. Cash, cash equivalents and short-term investments.....	.....	.....	0	.....	.....
7. Derivative instruments.....	.....	.....	0	.....	.....
8. Other invested assets.....	.....	.....	0	.....	.....
9. Aggregate write-ins for capital gains (losses).....	0	.536	.536	.....(11,433)	.....0
10. Total capital gains (losses).....	(326,446)	.536	(325,910)	.....7,128,361	.....438,569

**DETAILS OF WRITE-INS**

0901. Securities Lending.....	.....0	.....(11,433)	.....
0902. FX on Currency.....	.536	.536	.....
0903. ....	.....	0	.....
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	.536	.....(11,433)

**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.....	20,963,899	26,514,933	5,551,034
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	188,742	279,928	91,186
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	3,383,656
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.....	300		(300)
24. Health care and other amounts receivable.....			0
25. Aggregate write-ins for other-than-invested assets.....	2,256,567	2,991,618	735,051
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	23,409,508	33,170,135	9,760,627
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0
28. TOTALS (Lines 26 and 27).....	23,409,508	33,170,135	9,760,627

**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.....	987,457	969,276	(18,181)
2502. Miscellaneous assets.....		501,093	501,093
2503. Other assets nonadmitted.....	1,261,713	1,498,053	236,340
2598. Summary of remaining write-ins for Line 25 from overflow page.....	7,396	23,196	15,800
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	2,256,567	2,991,618	735,051

**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 #	2017	2016
<b><u>Net Income</u></b>					
Scottsdale Insurance Company state basis (Page 4, Line 20,					
(1) Columns 1 & 2)	XXX	XXX	XXX	\$ (40,276,180)	\$ 17,024,232
(2) State Prescribed Practice that is an increase/(decrease) from NAIC SAP				-	-
(3) State Permitted Practice that is an increase/(decrease) from NAIC SAP				-	-
(4) NAIC SAP (1-2-3=4)	XXX	XXX	XXX	\$ <u>(40,276,180)</u>	\$ <u>17,024,232</u>
<b><u>Surplus</u></b>					
Scottsdale Insurance Company state basis (Page 3, Line 37,					
(5) Columns 1 & 2)	XXX	XXX	XXX	\$ 737,789,895	\$ 775,280,182
(6) State Prescribed Practice that is an increase/(decrease) from NAIC SAP				-	-
(7) State Permitted Practice that is an increase/(decrease) from NAIC SAP				-	-
(8) NAIC SAP (5-6-7=8)	XXX	XXX	XXX	\$ <u>737,789,895</u>	\$ <u>775,280,182</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, 2017 and 2016.

Statutory accounting principles require recognition of a minimum liability for certain unsecured or overdue reinsurance recoverables. The conditional reserves were \$2,724,684 and \$13,681,238 as of December 31, 2017 and 2016, 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. The Company does not hold any mandatory convertible securities or SVO-identified investments.
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, 2017 and 2016 was \$1.8 million and \$4.7 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, 2017 and 2016, the Company had no liabilities related to premium deficiency reserves. The Company includes anticipated investment income when calculating its premium deficiency reserves, in accordance with SSAP No. 53, Property-Casualty Contracts - Premiums.

11. The Company establishes losses and loss expense reserves for reported claims and claims incurred but not yet reported (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, 2017 related to the purchases of FSIC and VPI was \$0.7 million and \$2.1 million, respectively.

**B. Statutory Merger**

Not applicable.

**C. Impairment Loss**

Not applicable.

**NOTES TO THE FINANCIAL STATEMENTS****Note 4 – Discontinued Operations**

Not applicable.

**Note 5 – Investments**

## A. Mortgage Loans

Not applicable

## B. Troubled Debt Restructuring

Not applicable.

## C. Reverse Mortgages

Not applicable.

## D. Loan-Backed Securities

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

2. Not applicable.

3. Not applicable.

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

## a. The aggregate amount of unrealized losses:

1. Less than 12 Months	\$ (396,245)
2. 12 Months or Longer	\$ (670,525)

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

1. Less than 12 Months	\$ 77,825,740
2. 12 Months or Longer	\$ 66,402,218

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. Dollar Repurchase Agreements and/or Securities Lending Transactions

1. 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.

## 3. Collateral Received

## a. Aggregate Amount Collateral Received

	<u>Fair Value</u>
1. Securities Lending	
(a) Open	\$ 9,146,161
(b) 30 Days or Less	-
(c) 31 to 60 Days	-
(d) 61 to 90 Days	-
(e) Greater Than 90 Days	-
(f) Subtotal	\$ 9,146,161
(g) Securities Received	\$ 57,634,118
(h) Total Collateral Received	<u>\$ 66,780,279</u>

## 2. Dollar Repurchase Agreement - Not applicable

b. The fair value of that collateral and of the portion of that collateral that the Company has sold or repledged

\$ 9,033,805

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.

**NOTES TO THE FINANCIAL STATEMENTS**

## 5. Collateral Reinvestment

## a. Aggregate Amount Collateral Reinvested

	Amortized Cost	Fair Value
1. Securities Lending		
(a) Open	\$ -	\$ -
(b) 30 Days or Less	8,969,007	8,969,007
(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	95,320	64,798
(k) Subtotal	\$ 9,064,327	\$ 9,033,805
(l) Securities Received	-	-
(m) Total Collateral Reinvested	<u><u>\$ 9,064,327</u></u>	<u><u>\$ 9,033,805</u></u>

## 2. Dollar Repurchase 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 securities as collateral that it is not permitted by contract or custom to repledge or sell. The fair value of the securities received as collateral was \$57,634,118 as of December 31, 2017.
- 7. There are no securities lending transactions that extend beyond one year as of the reporting date.

## F. Repurchase Agreements Transactions Accounted for as Secured Borrowing

- 1. To manage short-term liquidity needs within the Nationwide insurance subsidiaries', the company has agreements to enter into repurchase or reverse repurchase agreements with several authorized affiliated insurance companies. The collateral required meets minimum state specific requirements or statutory requirements if state of domicile does not specify.

As these transactions are with affiliated insurance companies within the Nationwide family and are short-term in nature, the risk of changes in the fair value of the collateral are considered negligible.

## 2. Type of Repo Trades Used

1	2	3	4
First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Bilateral (YES/NO)			NO
b. Tri-Party (YES/NO)			NO

## 3-11. Not applicable.

## G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing

- 1. To manage short-term liquidity needs within the Nationwide insurance subsidiaries', the company has agreements to enter into repurchase or reverse repurchase agreements with several authorized affiliated insurance companies. The collateral required meets minimum state specific requirements or statutory requirements if state of domicile does not specify.

As these transactions are with affiliated insurance companies within the Nationwide family and are short-term in nature, the risk of changes in the fair value of the collateral are considered negligible.

For yield enhancement, the company has agreements to enter into repurchase agreements through its securities lending program with collateral consisting of U.S. Government/Agency securities with investment grade counterparties. The collateral, which is marked to market daily, must represent 102% of the amount loaned and is monitored by the plan's manager in Bank of New York Mellon for changes in fair value.

## 2. Type of Repo Trades Used

1	2	3	4
First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Bilateral (YES/NO)			NO
b. Tri-Party (YES/NO)			YES

**NOTES TO THE FINANCIAL STATEMENTS**

## 3. Original (Flow) &amp; Residual Maturity

	First Quarter				Second Quarter			
	1	2	3	4	5	6	7	8
	Minimum	Maximum	Average Daily Balance	Ending Balance	Minimum	Maximum	Average Daily Balance	Ending Balance
a. Open - No Maturity	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
b. Overnight	-	-	-	-	-	-	-	-
c. 2 Days to 1 Week	-	-	-	-	-	-	-	-
d. > 1 Week to 1 Month	-	-	-	-	-	-	-	-
e. > 1 Month to 3 Months	-	-	-	-	-	-	-	-
f. > 3 Months to 1 Year	-	-	-	-	-	-	-	-
g. > 1 Year	-	-	-	-	-	-	-	-
Third Quarter								
9	10	11	12	13	14	15	16	
	Minimum	Maximum	Average Daily Balance	Ending Balance	Minimum	Maximum	Average Daily Balance	Ending Balance
a. Open - No Maturity	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
b. Overnight	-	-	-	-	3,469,167	14,323,966	7,849,311	8,969,007
c. 2 Days to 1 Week	-	-	-	-	-	-	-	-
d. > 1 Week to 1 Month	-	-	-	-	-	-	-	-
e. > 1 Month to 3 Months	-	-	-	-	-	-	-	-
f. > 3 Months to 1 Year	-	-	-	-	-	-	-	-
g. > 1 Year	-	-	-	-	-	-	-	-

## 4. Not applicable.

	First Quarter				Second Quarter			
	1	2	3	4	5	6	7	8
	Minimum	Maximum	Average Daily Balance	Ending Balance	Minimum	Maximum	Average Daily Balance	Ending Balance
5. Fair Value of Securities Acquired Under Repo - Secured Borrowing	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Third Quarter								
9	10	11	12	13	14	15	16	
	Minimum	Maximum	Average Daily Balance	Ending Balance	Minimum	Maximum	Average Daily Balance	Ending Balance
5. Fair Value of Securities Acquired Under Repo - Secured Borrowing	\$-	\$-	\$-	\$-	\$3,538,550	\$14,610,445	\$8,006,297	\$9,148,387
6. Securities Acquired Under Repo - Secured Borrowing by NAIC Designation								
<u>ENDING BALANCE</u>								
1	2	3	4	5	6	7	8	
	None	NAIC 1	NAIC 2	NAIC 3	NAIC 4	NAIC 5	NAIC 6	Does Not Qualify as Admitted
a. Bonds - FV	\$-	\$9,148,387	\$-	\$-	\$-	\$-	\$-	\$9,148,387
b. LB & SS - FV	-	-	-	-	-	-	-	-
c. Preferred Stock - FV	-	-	-	-	-	-	-	-
d. Common Stock	-	-	-	-	-	-	-	-
e. Mortgage Loans - FV	-	-	-	-	-	-	-	-
f. Real Estate - FV	-	-	-	-	-	-	-	-
g. Derivatives - FV	-	-	-	-	-	-	-	-
h. Other Invested Assets - FV	-	-	-	-	-	-	-	-
q. Total Assets - FV	\$-	\$9,148,387	\$-	\$-	\$-	\$-	\$-	\$9,148,387

## 7. Collateral Pledged - Secured Borrowing

	First Quarter				Second Quarter			
	1	2	3	4	5	6	7	8
	Minimum	Maximum	Average Daily Balance	Ending Balance	Minimum	Maximum	Average Daily Balance	Ending Balance
a. Cash	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
b. Securities (FV)	-	-	-	-	-	-	-	-
c. Securities (BACV)	XXX	XXX	XXX	-	XXX	XXX	XXX	-
d. Nonadmitted Subset (BACV)	XXX	XXX	XXX	-	XXX	XXX	XXX	-
Third Quarter								
9	10	11	12	13	14	15	16	
	Minimum	Maximum	Average Daily Balance	Ending Balance	Minimum	Maximum	Average Daily Balance	Ending Balance
a. Cash	\$-	\$-	\$-	\$-	\$3,469,167	\$14,323,966	\$7,849,311	\$8,969,007
b. Securities (FV)	-	-	-	-	-	-	-	-
c. Securities (BACV)	XXX	XXX	XXX	-	XXX	XXX	XXX	-
d. Nonadmitted Subset (BACV)	XXX	XXX	XXX	-	XXX	XXX	XXX	-

**NOTES TO THE FINANCIAL STATEMENTS**

## 8. Allocation of Aggregate Collateral Pledged by Remaining Contractual Maturity

	Amortized Cost	Fair Value
a. Overnight and Continuous	\$8,969,007	\$8,969,007
b. 30 Days or Less	-	-
c. 31 to 90 Days	-	-
d. > 90 Days	-	-

9-10. Not applicable.

## H. Repurchase Agreements Transactions Accounted for as a Sale

Not applicable.

## I. Reverse Repurchase Agreements Transactions Accounted for as a Sale

Not applicable.

## J. Real Estate

Not applicable.

## K. Low-Income Housing Tax Credits

Not applicable.

## L. Restricted Assets

## 1. Restricted Assets (Including Pledged)

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted					6	7		
	Current Year								
	1 Total General Account (G/A)	2 G/A Supporting Protected Cell Account Activity (a)	3 Total Protected Cell Account Restricted Assets	4 Protected Cell Account Assets Supporting G/A Activity (b)	5 Total (1 plus 3)				
a. Subject to contractual obligation for which liability is not shown	\$-	\$-	\$-	\$-	\$-	\$-	\$-		
b. Collateral held under security lending agreements	66,780,280	-	-	-	66,780,280	13,118,828	53,661,451		
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	5,976,477	-	-	-	5,976,477	6,048,396	(71,919)		
k. On deposit with other regulatory bodies	8,570,499	-	-	-	8,570,499	5,503,644	3,066,855		
l. Pledged as collateral to FHLB (including assets backing funding agreements)	-	-	-	-	-	-	-		
m. Pledged as collateral not captured in other categories	-	-	-	-	-	-	-		
n. Other restricted assets	-	-	-	-	-	-	-		
o. Total Restricted Assets	\$81,327,256	\$-	\$-	\$-	\$81,327,256	\$24,670,868	\$56,656,387		

(a) Subset of Column 1

(b) Subset of Column 3

**NOTES TO THE FINANCIAL STATEMENTS**

Restricted Asset Category	Current Year			
	8	9	Percentage	
			10 Gross (Admitted & Nonadmitted) Restricted to Total Assets (c)	11 Admitted Restricted to Total Admitted Assets (d)
Restricted Asset Category	Total Nonadmitted Restricted	Total Admitted Restricted (5 minus 8)		
a. Subject to contractual obligation for which liability is not shown	\$-	\$-	0.00%	0.00%
b. Collateral held under security lending agreements	-	66,780,280	2.61%	2.63%
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	-	5,976,477	0.23%	0.24%
k. On deposit with other regulatory bodies	-	8,570,499	0.33%	0.34%
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%
<b>o. Total Restricted Assets</b>	<b>\$-</b>	<b>\$81,327,256</b>	<b>3.18%</b>	<b>3.21%</b>

(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)

Not applicable.

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

Not applicable.

**M. Working Capital Finance Investments**

Not applicable.

**N. 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.

**O. Structured Notes**

CUSIP Identification	Actual Cost	Fair Value	Book/Adjusted Carrying Value	Mortgage- Referenced Security (YES/NO)
391164AF7	\$ 5,664,400	\$ 5,435,540	\$ 5,388,231	No
71884WAN1	2,309,100	3,560,160	3,167,449	No
912810RR1	10,845,494	10,753,854	11,068,656	No
912828H45	23,073,946	23,224,307	23,604,592	No
912828LA6	51,723,116	59,554,764	58,001,817	No
912828N71	63,734,777	63,343,300	64,937,106	No
912810FR4	56,388,529	74,560,075	65,352,858	No
<b>Total</b>	<b>\$ 213,739,362</b>	<b>\$ 240,432,000</b>	<b>\$ 231,520,709</b>	

**NOTES TO THE FINANCIAL STATEMENTS**

## P. 5\* Securities

Investment	Number of 5* Securities		Aggregate BACV		Aggregate Fair Value	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
(1) Bonds - AC	1	-	\$ 640,536	\$	-	\$ 657,604
(2) Bonds - FV	-	-	-	-	-	-
(3) LB&SS - AC	-	-	-	-	-	-
(4) LB&SS - FV	-	-	-	-	-	-
(5) Preferred Stock - AC	-	-	-	-	-	-
(6) Preferred Stock - FV	-	-	-	-	-	-
<b>(7) Total (1+2+3+4+5+6)</b>	<b>1</b>	<b>-</b>	<b>\$ 640,536</b>	<b>\$</b>	<b>-</b>	<b>\$ 657,604</b>

AC - Amortized Cost

FV - Fair Value

## Q. Short Sales

Not applicable.

## R. Prepayment Penalty and Acceleration Fees

	General Account	Protected Cell
(1) Number of CUSIPs	3	-
(2) Aggregate Amount of Investment Income	\$ 377,972	\$ -

**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, 2017 was \$0.

**Note 8 - Derivative Instruments**

Not applicable.

**NOTES TO THE FINANCIAL STATEMENTS****Note 9 - Income Taxes**

On December 22, 2017, the Tax Cuts and Jobs Act ("the Act") was signed into law and is effective January 1, 2018. Impacts to the Company include a reduction in the corporate tax rate from 35% to 21%, repeal of the corporate alternative minimum tax and other changes to the corporate tax rules. Upon the enactment of these tax law changes, the Company remeasured deferred tax assets and liabilities. The financial statement impacts are detailed in the tables below. Additional provisions of the Act will apply to taxable years beginning after December 31, 2017, but were not effective as of the enactment date. Certain of these provisions may adversely affect the Company's future effective tax rate, taxable income and income tax expense.

The valuation of deferred tax assets and liabilities related to property and casualty insurance reserves based on tax reserve methodology changes in the Act reflects the Company's best estimates and assumptions at this time. The IRS and the Company are in the process of finalizing inputs to these valuations, which includes the use of estimated discount rates within property and casualty reserves; thus, the provisional measurements of deferred tax assets and liabilities are subject to change.

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

	December 31, 2017		
	Ordinary	Capital	Total
(1a) Gross deferred tax assets	\$ 39,303,653	\$ 194	\$ 39,303,847
(1b) Statutory valuation allowance adjustment	-	-	-
(1c) Adjusted gross deferred tax assets	\$ 39,303,653	\$ 194	\$ 39,303,847
(1d) Deferred tax assets nonadmitted	-	-	-
(1e) Subtotal net admitted deferred tax asset	\$ 39,303,653	\$ 194	\$ 39,303,847
(1f) Deferred tax liabilities	3,998,003	34,828	4,032,831
(1g) Net admitted deferred tax asset/(net deferred tax liability)	\$ 35,305,650	\$ (34,634)	\$ 35,271,016

	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

	Change		
	Ordinary	Capital	Total
(1a) Gross deferred tax assets	\$ (12,328,464)	\$ (540,810)	\$ (12,869,274)
(1b) Statutory valuation allowance adjustment	-	-	-
(1c) Adjusted gross deferred tax assets	\$ (12,328,464)	\$ (540,810)	\$ (12,869,274)
(1d) Deferred tax assets nonadmitted	(3,139,701)	(243,955)	(3,383,656)
(1e) Subtotal net admitted deferred tax asset	\$ (9,188,763)	\$ (296,855)	\$ (9,485,618)
(1f) Deferred tax liabilities	3,756,253	3,833	3,760,086
(1g) Net admitted deferred tax asset/(net deferred tax liability)	\$ (12,945,016)	\$ (300,688)	\$ (13,245,704)

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

	December 31, 2017		
	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)	\$ 34,027,648	\$ 2,217,708	\$ 36,245,356
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	\$ 34,027,648	\$ 2,217,708	\$ 36,245,356
2. Adjusted gross deferred tax assets allowed per limit threshold	XXX	XXX	\$ 105,107,867
(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	\$ 5,276,005	\$ (2,217,514)	\$ 3,058,491
(2d) Deferred tax assets admitted as the result of application of SSAP No. 101 Total ((2a) + (2b) + (2c))	\$ 39,303,653	\$ 194	\$ 39,303,847
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
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)	\$ (14,223,018)	\$ 1,951,654	\$ (12,271,364)
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	\$ (14,223,018)	\$ 1,951,654	\$ (12,271,364)
2. Adjusted gross deferred tax assets allowed per limit threshold	XXX	XXX	\$ (3,878,253)
(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	\$ 5,034,255	\$ (2,248,509)	\$ 2,785,746
(2d) Deferred tax assets admitted as the result of application of SSAP No. 101 Total ((2a) + (2b) + (2c))	\$ (9,188,763)	\$ (296,855)	\$ (9,485,618)
December 31, 2017		December 31, 2016	
(3a) Ratio percentage used to determine recovery period and threshold limitation amount			705.900%
(3b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in (2b)2 above	\$ 702,518,879	\$ 726,763,462	794.065%

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

	December 31, 2017		
	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)	\$ 39,303,653	\$ 194	\$ 39,303,847
(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)	\$ 39,303,653	\$ 194	\$ 39,303,847
(4) Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of planning strategies	0.00%	0.00%	0.00%
December 31, 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%
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)	\$ (12,328,464)	\$ (540,810)	\$ (12,869,274)
(2) Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	0.00%	0.00%	0.00%
(3) Net Admitted Adjusted Gross DTAs amount from Note 9A1(e)	\$ (9,188,763)	\$ (296,855)	\$ (9,485,618)
(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%
(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, 2017	December 31, 2016	Change
<b>1. Current Income Tax</b>			
(a) Federal	\$ (7,550,963)	\$ (2,799,023)	\$ (4,751,940)
(b) Foreign	\$ -	\$ -	\$ -
(c) Subtotal	\$ (7,550,963)	\$ (2,799,023)	\$ (4,751,940)
(d) Federal income tax on net capital gains	96,110	5,783,491	(5,687,381)
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income taxes incurred	\$ (7,454,853)	\$ 2,984,468	\$ (10,439,321)

**NOTES TO THE FINANCIAL STATEMENTS**

		December 31, 2017	December 31, 2016	Change
<b>2. Deferred Tax Assets</b>				
(a) Ordinary:				
(1) Discounting of unpaid losses	\$ 9,554,855	\$ 9,820,752	\$ (265,897)	
(2) Unearned premium reserve	13,039,537	22,163,923	(9,124,386)	
(3) Policyholder reserves	-	-	-	
(4) Investments	-	5,267	(5,267)	
(5) Deferred acquisition costs	-	-	-	
(6) Policyholder dividends accrual	-	-	-	
(7) Fixed Assets	-	-	-	
(8) Compensation benefits accrual	3,166,046	5,447,530	(2,281,484)	
(9) Pension accrual	899,680	1,381,562	(481,882)	
(10) Receivables - nonadmitted	265,023	524,319	(259,296)	
(11) Net operating loss carry-forward	6,946,183	1,496,904	5,449,279	
(12) Tax credit carry-forward	-	-	-	
(13) Other (including items <5% of total ordinary tax assets)	990,275	1,413,659	(423,384)	
(14) Nonadmitted miscellaneous	-	-	-	
(15) Intangibles	-	-	-	
(16) Capitalized R&E	-	-	-	
(17) Nonadmitted premiums and agent bal	4,442,054	9,378,201	(4,936,147)	
(18) Premium deficiency reserve	-	-	-	
(99) Subtotal	\$ 39,303,653	\$ 51,632,117	\$ (12,328,464)	
(b) Statutory valuation allowance adjustment	\$ -	\$ -	\$ -	
(c) Nonadmitted	-	3,139,701	(3,139,701)	
(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	\$ 39,303,653	\$ 48,492,416	\$ (9,188,763)	
(e) Capital:				
(1) Investments	\$ 194	\$ 541,004	\$ (540,810)	
(2) Net capital loss carry-forward	-	-	-	
(3) Real estate	-	-	-	
(4) Other (including items <5% of total capital tax assets)	-	-	-	
(99) Subtotal	\$ 194	\$ 541,004	\$ (540,810)	
(f) Statutory valuation allowance adjustment	\$ -	\$ -	\$ -	
(g) Nonadmitted	-	243,955	(243,955)	
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)	\$ 194	\$ 297,049	\$ (296,855)	
(i) Admitted deferred tax assets (2d + 2h)	\$ 39,303,847	\$ 48,789,465	\$ (9,485,618)	
<b>3. Deferred Tax Liabilities</b>				
(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)	246,774	31,894	214,880	
(6) Compensation and benefits accrual	-	-	-	
(7) Guaranty assessments	-	-	-	
(8) Agent acquisitions	-	-	-	
(9) Surplus note interest accrual	-	-	-	
(10) Pension accrual	-	-	-	
(11) Other liabilities	-	209,856	(209,856)	
(12) Unrealized miscellaneous	-	-	-	
(13) Discounting of unpaid losses	3,751,229	-	3,751,229	
(99) Subtotal	\$ 3,998,003	\$ 241,750	\$ 3,756,253	
(b) Capital:				
(1) Investments	\$ 34,828	\$ 30,995	\$ 3,833	
(2) Real estate	-	-	-	
(3) Other (including items <5% of total capital tax liabilities)	-	-	-	
(99) Subtotal	\$ 34,828	\$ 30,995	\$ 3,833	
(c) Deferred tax liabilities (3a99 + 3b99)	\$ 4,032,831	\$ 272,745	\$ 3,760,086	
<b>4. Net deferred tax asset/(liability) (2i - 3c)</b>	<b>\$ 35,271,016</b>	<b>\$ 48,516,720</b>	<b>\$ (13,245,704)</b>	

**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, 2017	December 31, 2016	Change
(a) Adjusted gross deferred tax assets	\$ 39,303,847	\$ 52,173,121	\$ (12,869,274)
(b) Deferred tax liabilities	4,032,831	272,745	3,760,086
(c) Net deferred tax assets (liabilities)	\$ 35,271,016	\$ 51,900,376	\$ (16,629,360)
(d) Tax effect of unrealized gains (losses)			431,169
(e) Tax effect of unrealized postretirement benefits			-
(f) Change in deferred income tax			<u>\$ (17,060,529)</u>

The change in deferred tax assets and liabilities caused by the corporate tax rate change in the Act is equal to the value disclosed in the "Impact of enacted tax law changes" caption within Note 9D (f).

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, 2017	December 31, 2016
(a) Current income taxes incurred	\$ (7,454,853)	\$ 2,984,468
(b) Change in deferred income tax	17,060,529	936,093
(c) Total income tax reported	\$ 9,605,676	\$ 3,920,561
(d) Income before taxes	\$ (47,731,034)	\$ 20,008,701
(e) Federal statutory tax rate	35%	35%
(f) Expected income tax expense (benefit) at 35% statutory rate	<u>\$ (16,705,862)</u>	<u>\$ 7,003,045</u>
(1) Tax-exempt income	\$ (1,928,235)	\$ (1,957,074)
(2) Dividends received deduction	-	-
(3) Nondeductible expenses	95,080	113,493
(4) Deferred tax benefit on nonadmitted assets	2,231,940	(1,245,254)
(5) Change in tax reserves	-	-
(6) Tax credits	-	-
(7) Other	(79,232)	6,351
(8) Extraordinary distribution	-	-
(9) COLI - change in CSV	-	-
(10) Dividends - Return of Capital	-	-
(11) Tax Attribute Expiration	-	-
(12) Impact of enacted tax law changes	25,991,985	-
(g) Total	<u>\$ 9,605,676</u>	<u>\$ 3,920,561</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	\$ 6,148,018	2016	2036
Operating loss carryforwards	\$ 26,797,952	2017	2037
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
Business credits	\$ -	2017	2037

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

2017	\$ -
2016	\$ -

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

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

## 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 \$49,180,086 and \$39,595,706 as of December 31, 2017 and 2016, respectively.

## B. Detail of Transactions Greater than 1/2 % 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 \$14,043,887 and \$113,886,544 as of December 31, 2017 and 2016, respectively. The gross amounts due to affiliates were \$16,705,489 and \$110,913,523 as of December 31, 2017 and 2016, 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% provided this deferral does not exceed the maximum annual amount allowed by the IRS. Salary deferrals of up to 6% receive a 50% company match, 20% of which vests each year until the participant has five years of vesting service. The Company match is funded on a biweekly basis and the expense for contributions are allocated to the Company based on employee contributions. The Company's allocated expense for contributions was \$2,342,476 and \$2,448,970 for the years ended December 31, 2017 and 2016, respectively. Individuals are subject to a dollar limit on salary deferrals per IRS Section 402(g) (\$18,000 in 2017 and 2016). Other limits also apply. The Company has no legal obligation for benefits under this plan. Effective January 1, 2018, salary deferrals up to 7% will receive a 50% Company match.

#### **F. Multiemployer Plans**

Not applicable.

**NOTES TO THE FINANCIAL STATEMENTS****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) sponsored by Mutual. The Company funds pension costs accrued for direct employees plus an allocation of pension costs accrued for employees of affiliates whose work benefits the Company. The Company also participates in a non-qualified defined benefit supplemental executive retirement plan sponsored by Mutual that covers certain executives with at least one year of service. The Company's portion of expense relating to these plans was \$1,021,788 and \$3,602,352 for the years ended December 31, 2017 and 2016, respectively.

In addition to the defined benefit plans, the Company and certain affiliated companies participate in 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 \$316,817 and \$271,646 for the years ended December 31, 2017 and 2016, respectively.

**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, Shareholders' Dividend Restrictions and Quasi-Reorganizations****A. Outstanding Shares**

The Company has 100,000 shares of \$200 par value common stock authorized, 30,136 shares issued, and 30,136 shares outstanding as of December 31, 2017.

**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 2017 and 2016.

**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 \$123,829,850 less applicable deferred taxes of \$3,716,969 for a net unrealized capital gain of \$120,112,881.

**K. Surplus Notes**

Not applicable.

**L. and M. Quasi Reorganizations**

Not applicable.

**NOTES TO THE FINANCIAL STATEMENTS****Note 14 – Contingencies****A. Contingent Commitments**

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

**B. Assessments**

1. 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 assessment 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, 2017 and 2016, the Company accrued a liability for guaranty fund and other assessments of \$55 thousand and \$59 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.

2.	Description	Amount
a.	Assets recognized from paid and accrued premium tax offsets and policy holder surcharges prior year-end	\$ 60,338
b. Decreases current year:		
Premium tax offsets applied		\$ 15,746
c. Increases current year:		
Change in accrued premium tax offsets		\$ 33,027
d. Assets recognized from paid and accrued premium tax offsets and policy holder surcharges current year-end		\$ 77,619

**3. Guaranty fund liabilities and assets related to assessments from insolvencies of entities that wrote long-term care contracts:**

Not applicable.

**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: \$9,395,866

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 \$1.6 million and \$2.0 million at December 31, 2017 and 2016, 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.

## **NOTES TO THE FINANCIAL STATEMENTS**

### B. Transfer and Servicing of Financial Assets

1. 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 \$65,405,779 at December 31, 2017. The Company holds \$57,634,118 of non-cash collateral for loaned securities as of December 31, 2017.

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.

2. No servicing assets or liabilities were recognized during the period.
3. No servicing assets or liabilities were recognized during the period.
4. There were no assets securitized during the period.
5. There were no transfers of financial assets accounted for as a secured borrowing (excluding any repurchase and reverse repurchase transactions that may be disclosed under notes 5 F. through 5 I. above).
6. There were no transfers of receivables with recourse.
7. (a) Not applicable.  
(b) 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 instruments 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 assets and liabilities held at fair value in the statutory statements of assets and liabilities, surplus and other funds 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, London Interbank Offered Rate, 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 estimates of 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 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.

Independent pricing services are most often utilized to determine the fair value of bonds and stocks for which market quotations or quotations on comparable securities are available. For these bonds and stocks, the Company obtains the pricing services' methodologies, pricing from additional sources, 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.

**NOTES TO THE FINANCIAL STATEMENTS**

Non-binding broker quotes are also utilized to determine the fair value of certain bonds when deemed appropriate or when quotes are not available from independent pricing services or a corporate pricing matrix. These bonds are classified with the lowest priority 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. At least annually, the Company performs reviews and tests to ensure that quotes are a reasonable estimate of the investments' fair value. Price movements of broker quotes are subject to validation and 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 Company carries short-term investments at amortized cost, which approximates fair value.

The following table summarizes assets held at fair value as of December 31, 2017:

	Level 1	Level 2	Level 3	Total
<b>Assets at Fair Value</b>				
Industrial and miscellaneous	\$ -	\$ 3,069,195	\$ -	\$ 3,069,195
<b>Total Bonds</b>	<b>\$ -</b>	<b>\$ 3,069,195</b>	<b>\$ -</b>	<b>\$ 3,069,195</b>
Securities lending collateral assets	-	64,798	-	64,798
<b>Total Assets at Fair Value</b>	<b>\$ -</b>	<b>\$ 3,133,993</b>	<b>\$ -</b>	<b>\$ 3,133,993</b>

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, 2017:

	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
<b>Assets</b>						
Bonds	\$1,258,731,450	\$1,224,062,108	\$313,081,025	\$944,622,099	\$1,028,326	\$-
Stocks	288,805,260	288,805,260	-	-	288,805,260	-
Short-term investments	49,180,086	49,180,086	-	49,180,086	-	-
Securities lending collateral assets	8,969,007	8,969,007	8,969,007	-	-	-
<b>Total Assets</b>	<b>\$1,605,685,803</b>	<b>\$1,571,016,461</b>	<b>\$322,050,032</b>	<b>\$993,802,185</b>	<b>\$289,833,586</b>	<b>\$-</b>

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 July 1, 2017, the Nationwide group renewed its Property per Risk program on an enterprise-wide basis covering risks underwritten by the Company. The structure remains unchanged at \$115.0 million excess of \$10.0 million.

Effective June 1, 2017, the Company and certain of its affiliates 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 \$550.0 million excess of \$500.0 million per event. National Tower with varying placements totaling \$1.55 billion for losses per event between \$1.05 billion and \$3.65 billion. This includes the catastrophe bond, Caelus 2016-1, issued in 2016 providing national coverage at 75% of \$400.0 million excess of \$1.95 billion. Coverage for the Company is limited in some layers of the National Tower. Aggregate Tower providing annual aggregate coverage with a franchise deductible of \$50.0 million for each catastrophic event. For the 2017 risk period, the Caelus Re 2017-1 catastrophe bond also provides national coverage. See Note 21G.

D. Business Interruption Insurance Recoveries

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
1370 Standard Building Master Tenant LLC	OH	\$ -	\$ 200,000
526 Superior Avenue Ltd	OH	-	200,000
CCP NI Master Tenant 2 LLC	NC	-	8,289
Corning Place Master Tenant LLC	OH	-	200,000
EC Riverwalk 2 LLC	SC	-	73,592
EC Riverwalk 3 LLC	SC	-	12,800
Laurel Hill	VA	-	584,506
Ohio Equity Fund for Housing Limited Partnership XXV	OH	-	120,252
Stonehenge REV I LLC	OH	-	100,000
Strata Fund 24 Lessee LLC	NC	-	61,827
Strata Fund 25 Lessee LLC	NC	-	42,091
The Baldwin LLC	OH	-	75,504
The Old Cotton Factory Investor LLC	SC	-	584
<b>Total</b>			<b>\$ 1,679,445</b>

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 2017.

**NOTES TO THE FINANCIAL STATEMENTS**

## 4. State Tax Credits Admitted and Nonadmitted

	Total Admitted	Total Nonadmitted
a. Transferable	\$ 86,976	\$ -
b. Non-transferable	\$ 1,592,469	\$ -

## F. Subprime Mortgage Related Risk Exposure

1. The Company evaluates many characteristics when classifying collateral as subprime, including the credit quality of the borrower as defined by Fair Isaac Credit Organization (FICO) scores, as well as other factors, such as loan-to-value ratios and type of real estate.

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

## 3. 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	\$ 36,557,694	\$ 36,886,432	\$ 37,613,815	\$ 121,686
b. Commercial mortgage backed securities	-	-	-	-
c. Collateralized debt obligations	-	-	-	-
d. Structured securities	-	-	-	-
e. Equity investments in SCAs	-	-	-	-
f. Other assets	-	-	-	-
<b>g. Total</b>	<b>\$ 36,557,694</b>	<b>\$ 36,886,432</b>	<b>\$ 37,613,815</b>	<b>\$ 121,686</b>

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

## G. Insurance Linked Securities

On May 4, 2017, the Company and certain of its affiliates entered into an agreement with Caelus Re V 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 2017-1, 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 the Company and certain of its affiliates recover losses in excess of specified levels of annual aggregate catastrophic claims with a franchise deductible of \$50 million for each catastrophic event. For the 2017 risk period, the Caelus Re 2017-1 catastrophe bond provides national coverage at 30% of annual aggregate losses between \$1.50 billion and \$2.75 billion. The coverage is effective June 1, 2017 and expires on May 31, 2020.

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 the 2017 risk period, 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	2	\$ 675,000,000
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 Subsequent**Type I – Recognized Subsequent Events:

Subsequent events have been considered through February 17, 2018 for the statutory statement issued on February 22, 2018.

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, 2018 for the statutory statement issued on February 22, 2018.

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.

**NOTES TO THE FINANCIAL STATEMENTS****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)
	Scor Reinsurance Company	75-1444207	\$25,696
	Endurance Assurance Corporation	35-2293075	\$50,897
	Everest Reinsurance Company	22-2005057	\$33,338
	Hannover Rueck Se	AA-1340125	\$32,257
	Markel Global Reinsurance	06-1481194	\$85,440
	Munich Reinsurance America Inc	13-4924125	\$71,241
0140	Nationwide Mutual Insurance Company	31-4177100	\$5,331,946
	Odyssey Reinsurance Company	47-0698507	\$38,011
	Renaissance Reinsurance Us Inc	52-1952955	\$35,991
	Swiss Reinsurance America Corp	13-1675535	\$43,310
	Toa Reinsurance Company Of Amer	13-2918573	\$32,488
	Transatlantic Reinsurance Co	13-5616275	\$110,955

**B. Reinsurance Recoverable in Dispute**

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

**C. Reinsurance Assumed and Ceded**

1. The following table summarizes ceded and assumed unearned premiums and the related commission equity at December 31, 2017.

(in thousands)	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	\$940,217	\$190,024	\$1,259,179	\$293,511	\$(318,962)	\$(103,487)
b. All Others	3,375	1,366	172,023	49,300	(168,648)	(47,934)
<b>c. Total</b>	<b>\$943,592</b>	<b>\$191,390</b>	<b>\$1,431,202</b>	<b>\$342,811</b>	<b>\$(487,610)</b>	<b>\$(151,421)</b>

d. Direct Unearned Premium Reserve \$796,721

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, 2017 are as follows:

(in thousands)	Reinsurance	Direct	Assumed	Ceded	Net
a. Contingent Commissions		\$93,229	\$10,811	\$94,916	\$9,124
b. Sliding Scale Adjustments		-	-	-	-
c. Other Profit Commission Arrangements		-	-	-	-
<b>d. Total</b>		<b>\$93,229</b>	<b>\$10,811</b>	<b>\$94,916</b>	<b>\$9,124</b>

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 \$92,689, which is reflected as:

a. Losses incurred	\$	86,625
b. Loss adjustment expenses incurred	\$	6,064
c. Premiums earned	\$	-
d. Other	\$	-
<b>e. Company</b>		<b>Amount</b>
Beacon Insurance Company	\$	54,474
Folksam International	\$	3,864
Heartland Group Syndicate Liq	\$	322
Mutual Fire & Inland Marine Rehab	\$	31,773
NEM Reinsurance Company	\$	967
Paladin Re Co NY	\$	967
Sovereign Marine & General Liquidated	\$	322

**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	\$ 319,062
(2) Loss adjustment expenses incurred	\$ (168,409)
(3) Premiums earned	\$ -
(4) Other	\$ -

<b>(5) Company</b>	<b>Amount</b>
American Centennial Ins	\$ 1,095
Candon Syndicate	\$ 322
Converium Reinsurance North America	\$ (126,332)
CX Reinsurance Company	\$ 30,679
Dominion Ins Company Ltd	\$ 322
Excalibur/PMA Capital Insurance Co	\$ (78,343)
First Natl Indemnity Commuted/Liq	\$ 8,040
First New York Syndicate	\$ 77,820
Global Reins Corp of Amer Total	\$ (1,596)
Imperial Casualty	\$ 7,207
Maiden Lane Syndicate	\$ 19,455
Municipal General Ins Co	\$ (119,754)
Reliance Insurance Company	\$ 5,036
Richmond Insurance Co	\$ (16,238)
Rosemont Reinsurance Limited	\$ 127
San Francisco Re Co	\$ 79,109
South Place Syndicate	\$ 19,454
St Paul Fire & Marine Insurance Co	\$ (322)
Swiss Reinsurance America Corp	\$ 238,965
Trenwick America Reinsurance Corp	\$ 5,607

**F. Retroactive Reinsurance**

There was no retroactive reinsurance affected during 2017.

**G. Reinsurance Accounted for as a Deposit**

There were no reinsurance agreements that were accounted for as deposits during 2017.

**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 \$7 thousand, or 0.003% 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**

A. As of December 31, 2016, loss and loss adjustment expense reserves, net of reinsurance recoveries, were \$574.3 million. On January 1, 2017, loss and loss adjustment expense reserves of \$1.1 million were transferred from the Company as a result of the changes to the pooling and quota share agreements, effective January 1, 2017. See Note 26 for details. Payments for incurred claims and claim adjustment expenses attributable to insured events of prior years were \$227.7 million for the year ended December 31, 2017. As of December 31, 2017, remaining loss and loss adjustment expense reserves attributable to insured events of prior years were \$352.0 million. There has been unfavorable prior-year development of \$6.5 million during the year ended December 31, 2017, primarily driven by higher than expected claim emergence levels in commercial lines, partially offset by standard auto.

B. During 2017, the Company did not make any significant changes in methodologies and assumptions used in calculating the liability for unpaid losses and loss adjustment expenses.

**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.

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.

As of December 31, 2017 and December 31, 2016, the companies in the Nationwide Pool assuming a proportionate share of the pool are:

	NAIC #	2017 Pool	2016 Pool
Nationwide Mutual Insurance Company	23787	72.0%	83.0%
Nationwide Mutual Fire Insurance Company	23779	23.0%	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 as of December 31, 2017 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), Nationwide Assurance Company (NAIC #10723), Nationwide Lloyds (NAIC #42110), Nationwide Insurance Company of Florida (NAIC #10948), AMCO Insurance Company (NAIC #19100), Allied Property and Casualty Insurance Company (NAIC #42579), Depositors Insurance Company (NAIC #42587), Nationwide Agribusiness Insurance Company (NAIC #28223), Nationwide Insurance Company of America (NAIC #25453), Titan Indemnity Company (NAIC #13242), 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), Harleysville Insurance Company (NAIC #23582) and Veterinary Pet Insurance Company (NAIC #42285).

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, 2017:

Name of Insurer	Amounts Receivable	Amounts Payable
Nationwide Mutual Insurance Company (Lead Insurer)	\$ 289,968,619	\$ 18,089,826
Nationwide Mutual Fire Insurance Company	\$ 18,814,597	\$ 31,597,323
Scottsdale Insurance Company	\$ 3,966	\$ 856,566
Farmland Mutual Insurance Company	\$ 48,224,661	\$ 60,486,584
Nationwide General Insurance Company	\$ 11,383,324	\$ 25,104,796
Nationwide Property & Casualty Insurance Company	\$ 17,938,456	\$ 37,779,072
Nationwide Affinity Insurance Company of America	\$ 5,140	\$ 22,775,924
Crestbrook Insurance Company	\$ 555,084	\$ 15,420,592
Allied Insurance Company of America	\$ 8,556,889	\$ 12,432,988
AMCO Insurance Company	\$ 118,432,309	\$ 192,729,456
Allied Property & Casualty Insurance Company	\$ 266,181	\$ 27,835,320
Depositors Insurance Company	\$ 324,847	\$ 11,763,786
Nationwide Agribusiness Insurance Company	\$ 43,630,642	\$ 68,778,059
Victoria Fire & Casualty Company	\$ 2,989	\$ 16,304,059
Victoria Automobile Insurance Company	\$ 92,266	\$ 1,585,609
Victoria Specialty Insurance Company	\$ 302,123	\$ 1,894,650
Victoria Select Insurance Company	\$ 92,234	\$ 1,407,319
Victoria National Insurance Company	\$ -	\$ 1,775
Harleysville Worcester Insurance Company	\$ 6,388,345	\$ 61,599
Harleysville Insurance Company of New Jersey	\$ 1,642,117	\$ 14,080
Harleysville Preferred Insurance Company	\$ 548,095	\$ 44,183
Harleysville Lake States Insurance Company	\$ 546,392	\$ 10,622
Harleysville Insurance Company	\$ 8,405,703	\$ 22,310
Harleysville Insurance Company of New York	\$ 157	\$ 2,674,021
Nationwide Assurance Company	\$ 57,594,056	\$ 57,148,763
Nationwide Lloyds	\$ 579,779	\$ 1,111
Nationwide Insurance Company of Florida	\$ 262,519	\$ 115,418
Nationwide Insurance Company of America	\$ 1,730,868	\$ 15,056,092
Titan Indemnity Company	\$ 377,704	\$ 3,663,469
Veterinary Pet Insurance Company	\$ 179	\$ 14,231,108

## **NOTES TO THE FINANCIAL STATEMENTS**

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.

As of December 31, 2017, National Casualty Company and Colonial County Mutual Insurance Company remain covered under separate 100% quota share reinsurance agreements with Nationwide Mutual Insurance Company. Nationwide Mutual 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.

As of December 31, 2017, the following companies remain covered under a separate 100% quota share reinsurance agreement with Scottsdale Insurance Company: 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.

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. The structured settlement agreements are considered qualified assignments, and therefore the Company is not contingently liable if the annuity issuing company is unable to meet the payment obligations.

<u>Loss Reserves Eliminated by Annuities</u>	<u>Unrecorded Loss Contingencies</u>
\$4.8 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 2017.

### **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, 2017 is as follows:

1. Liability carried for premium deficiency reserves	\$0.00
2. Date of the most recent evaluation of this liability	January 11, 2018
3. Was anticipated investment income utilized in the calculation?	Yes

### **Note 31 – High Deductibles**

Not applicable.

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

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. Third party administrators service the Company's long-term accident and health unpaid disability claims and supply the reserves and tabular discount; thus, different methodologies have been utilized.

#### **A. Tabular Discounts**

Reserves for long-term accident and health claims have been discounted on a tabular basis using the 1987 Commissioner's Group Disability Table (CGDT). The 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 2.75% to 10.25%). As of December 31, 2017 and 2016, liabilities include \$47,734 and \$56,631 of such discounted reserves, respectively. During 2017, the Company recognized \$2,752 of interest accretion related to tabular discount, which is included within the Statement of Income on Line 2.

**NOTES TO THE FINANCIAL STATEMENTS**

The table below represents the amount of tabular discount for case and IBNR reserves as of December 31, 2017:

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)	6,666	-
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	\$ 6,666	\$ -

\* 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

**NOTES TO THE FINANCIAL STATEMENTS****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.

		<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>(1) Asbestos Claims - Direct</b>						
Beginning Reserves:	\$	1,615,973	\$ 1,821,676	\$ 2,105,655	\$ 2,090,651	\$ 2,197,824
Incurred Loss and Loss Adj. Expense:	\$	552,683	\$ 543,446	\$ 547,974	\$ 435,510	\$ 53,672
Calendar Year Payments:	\$	346,980	\$ 259,467	\$ 562,977	\$ 328,337	\$ 305,528
Ending Reserve:	\$	1,821,676	\$ 2,105,655	\$ 2,090,652	\$ 2,197,824	\$ 1,945,968
<b>(2) Asbestos Claims - Assumed</b>		<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Beginning Reserves:	\$	4,842,665	\$ 4,000,086	\$ 3,458,738	\$ 3,924,208	\$ 3,909,682
Incurred Loss and Loss Adj. Expense:	\$	187,376	\$ (120,000)	\$ 120,000	\$ 188,404	\$ (396,000)
Calendar Year Payments:	\$	1,029,955	\$ 421,348	\$ (345,470)	\$ 202,930	\$ 158,256
Ending Reserve:	\$	4,000,086	\$ 3,458,738	\$ 3,924,208	\$ 3,909,682	\$ 3,355,426
<b>(3) Asbestos Claims - Net</b>		<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Beginning Reserves:	\$	780,674	\$ 416,794	\$ 452,614	\$ 460,008	\$ 582,869
Incurred Loss and Loss Adj. Expense:	\$	(90,296)	\$ 35,820	\$ 129,406	\$ 300,357	\$ (133,353)
Calendar Year Payments:	\$	273,583	\$ -	\$ 122,012	\$ 177,496	\$ 445,128
Ending Reserve:	\$	416,794	\$ 452,614	\$ 460,008	\$ 582,869	\$ 4,388
<b>B. Bulk and IBNR Losses and LAE</b>						
(1) Direct					\$ 1,758,787	\$ 1,670,391
(2) Assumed					\$ 2,972,873	\$ 2,479,527
(3) Net of Ceded Reinsurance					\$ 298,167	\$ 4,380
<b>C. Case, Bulk and IBNR LAE</b>						
(1) Direct					\$ 1,181,135	\$ 1,065,220
(2) Assumed					\$ 21,912	\$ 24,385
(3) Net of Ceded Reinsurance					\$ 155,267	\$ -
<b>D. See A above</b>						
<b>(1) Environmental Claims - Direct</b>		<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Beginning Reserves:	\$	1,794,126	\$ 1,753,434	\$ 1,327,317	\$ 1,255,750	\$ 842,013
Incurred Loss & Loss Adj. Expense:	\$	69,796	\$ (356,863)	\$ 80,871	\$ (236,825)	\$ (73,108)
Calendar Year Payments:	\$	110,488	\$ 69,254	\$ 152,439	\$ 176,912	\$ 182,426
Ending Reserve:	\$	1,753,434	\$ 1,327,317	\$ 1,255,749	\$ 842,013	\$ 586,479
<b>(2) Environmental Claims - Assumed</b>		<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Beginning Reserves:	\$	1,300,236	\$ 1,029,955	\$ 678,048	\$ 946,037	\$ 794,134
Incurred Loss and Loss Adj. Expense:	\$	(82,905)	\$ (240,000)	\$ 208,000	\$ (104,000)	\$ 12,000
Calendar Year Payments:	\$	187,376	\$ 111,906	\$ (59,989)	\$ 47,903	\$ 47,745
Ending Reserve:	\$	1,029,955	\$ 678,048	\$ 946,037	\$ 794,134	\$ 758,389
<b>(3) Environmental Claims - Net</b>		<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Beginning Reserves:	\$	1,698,327	\$ 1,656,570	\$ 1,233,728	\$ 1,166,041	\$ 751,548
Incurred Loss and Loss Adj. Expense:	\$	67,434	\$ (356,863)	\$ 79,319	\$ (233,328)	\$ (73,108)
Calendar Year Payments:	\$	109,190	\$ 65,979	\$ 147,006	\$ 181,165	\$ 170,032
Ending Reserve:	\$	1,656,570	\$ 1,233,728	\$ 1,166,041	\$ 751,548	\$ 508,408
<b>E. Bulk and IBNR Losses and LAE</b>						
(1) Direct					\$ 590,824	\$ 478,659
(2) Assumed					\$ 586,358	\$ 585,515
(3) Net of Ceded Reinsurance					\$ 520,792	\$ 365,574
<b>F. Case, Bulk and IBNR LAE</b>						
(1) Direct					\$ 218,489	\$ 157,301
(2) Assumed					\$ 5,003	\$ 4,629
(3) Net of Ceded Reinsurance					\$ 169,361	\$ 95,173

**Note 34 – Subscriber Savings Accounts**

Not applicable.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **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? If yes, complete Schedule Y, Parts 1, 1A and 2.	Yes [ X ]    No [ ]				
1.2	If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?	Yes [ X ]    No [ ]    N/A [ ]				
1.3	State regulating? <u>OH</u>					
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.	<u>12/31/2016</u>				
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.	<u>12/31/2011</u>				
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).	<u>03/13/2013</u>				
3.4	By what department or departments? <u>OH</u>					
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:	Yes [ ]    No [ X ]				
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:	Yes [ ]    No [ X ]				
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 Name of Entity	2 NAIC Company Code	3 State of Domicile			
6.1	Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?	Yes [ ]    No [ X ]				
6.2	If yes, give full information:					
7.1	Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?	Yes [ ]    No [ X ]				
7.2	If yes,					
7.21	State the percentage of foreign control	%				
7.22	State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, 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, OH	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	Columbus, 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
	Jefferson National Securities Corporation	Louisville, KY	NO	NO	NO	YES
	JNF Advisors, Inc.	Louisville, KY	NO	NO	NO	YES

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
KPMG LLP, 191 W. NATIONWIDE BLVD., SUITE 500, COLUMBUS, OH 43215

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

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

10.3 Has the insurer been granted any exemptions related to other requirements of the Annual Financial Reporting Model Regulation as allowed for 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

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	0
12.12 Number of parcels involved	\$
12.13 Total book/adjusted carrying value	0

12.2 If yes, provide explanation

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

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

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

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

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

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

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

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

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

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

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

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

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 reporting 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	\$ 0
21.22 Borrowed from others	\$ 0
21.23 Leased from others	\$ 0

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

21.24	Other	\$	0
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	\$	0
22.22	Amount paid as expenses	\$	0
22.23	Other amounts paid	\$	0
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
<b>INVESTMENT</b>			
24.01	Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)?	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, 2017, Nationwide had loaned \$65,405,779 to approved counterparties and received cash collateral amounts of \$9,146,161 and non-cash off-balance sheet collateral of \$57,634,118.</u>	Yes [ X ]	No [ ]
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 [ ]
24.05	If answer to 24.04 is yes, report amount of collateral for conforming programs.	\$	66,780,280
24.06	If answer to 24.04 is no, report amount of collateral for other programs	\$	0
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 [ ]
24.08	Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?	Yes [ X ]	No [ ]
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 [ ]
24.10	For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:	Yes [ X ]	No [ ]
24.101	Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2:	\$	9,033,804
24.102	Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2:	\$	9,033,804
24.103	Total payable for securities lending reported on the liability page:	\$	9,146,161
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:	Yes [ X ]	No [ ]
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	\$	5,976,477
25.29	On deposit with other regulatory bodies	\$	8,570,499
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 [ ]
26.2	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:	\$	0
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 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
Central Registration Depository Number	Name of Firm or Individual	Legal Entity Identifier (LEI)	Registered With	Investment Management Agreement (IMA) Filed

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	\$ 1,227,131,303	\$ 1,261,800,644	\$ 34,669,341
30.2	Preferred Stocks	\$ 0	\$ 0	\$ 0
30.3	Totals	\$ 1,227,131,303	\$ 1,261,800,644	\$ 34,669,341

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:

33. By self-designating 5\*GI securities, the reporting entity is certifying the following elements for each self-designation 5\*GI security:

- Documentation necessary to permit a full credit analysis of the security does not exist.
- Issuer or obligor is current on all contracted interest and principal payments.
- The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

Has the reporting entity self-designated 5\*GI securities?

Yes [ X ] No [ ]

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

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

34.2 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
	\$

35.1 Amount of payments for legal expenses, 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 payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
	\$

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

36.2 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	\$ 760,864,483	\$ 767,750,717
2.3	Premium Ratio (2.1/2.2)	0.0%	0.0%
2.4	Reserve Numerator	\$ 175,192	\$ 149,850
2.5	Reserve Denominator	\$ 1,043,702,548	\$ 1,003,079,575
2.6	Reserve Ratio (2.4/2.5)	0.0%	0.0%
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	
3.22	Non-participating policies	\$ 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	
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?	Yes [ ]	No [ ]
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 or as a stand-alone entity. Exposure 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 or \$15M per claimant limit depending on the reinsured layer.</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 or as stand-alone entity. 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	\$ 8,765,634
12.62	Collateral and other funds	\$ 768,662
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	\$ 443,994	\$ 9,244	\$ 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 2017	2 2016	3 2015	4 2014	5 2013
<b>Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 &amp; 3)</b>					
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)	2,043,993,372	2,081,971,679	2,060,358,987	1,977,074,362	1,844,242,501
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	839,873,828	1,043,670,909	815,640,321	806,047,105	754,086,564
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	848,474,125	827,138,635	871,433,696	852,600,297	796,878,068
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	38,928,533	40,116,226	40,539,453	37,049,064	35,562,729
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	121,973		780	(7,087)	(9,935)
6. Total (Line 35)	3,771,391,831	3,992,897,449	3,787,973,237	3,672,763,741	3,430,759,927
<b>Net Premiums Written (Page 8, Part 1B, Col. 6)</b>					
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)	315,061,034	327,569,344	322,387,606	311,673,205	306,955,650
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	186,487,465	194,818,651	171,621,010	164,298,323	159,618,088
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	244,989,743	247,277,652	243,510,754	235,592,415	232,348,855
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	8,074,647	9,824,027	9,987,139	9,535,519	8,174,237
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	121,973		780	(7,087)	(9,935)
12. Total (Line 35)	754,734,862	779,489,674	747,507,289	721,092,375	707,086,895
<b>Statement of Income (Page 4)</b>					
13. Net underwriting gain (loss) (Line 8)	(96,096,280)	(53,693,945)	(35,002,602)	(34,716,053)	(12,309,910)
14. Net investment gain (loss) (Line 11)	38,090,989	62,778,550	42,367,684	41,699,364	35,510,789
15. Total other income (Line 15)	10,680,812	5,666,816	4,394,416	5,196,429	4,808,857
16. Dividends to policyholders (Line 17)	502,664	526,212	640,572	651,244	475,406
17. Federal and foreign income taxes incurred (Line 19)	(7,550,963)	(2,799,023)	2,613,014	1,609,763	11,339,111
18. Net income (Line 20)	(40,276,180)	17,024,232	8,505,912	9,918,733	16,195,219
<b>Balance Sheet Lines (Pages 2 and 3)</b>					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	2,536,866,603	2,683,325,113	2,313,260,386	2,222,641,176	2,133,326,158
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1)	498,921,787	562,535,966	476,827,657	449,652,856	453,365,276
20.2 Deferred and not yet due (Line 15.2)	241,917,654	247,579,441	118,994,365	117,232,436	109,821,565
20.3 Accrued retrospective premiums (Line 15.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 26)	1,799,076,708	1,908,044,931	1,547,117,460	1,457,789,349	1,416,961,463
22. Losses (Page 3, Line 1)	518,593,774	484,144,500	443,230,814	405,398,649	379,084,069
23. Loss adjustment expenses (Page 3, Line 3)	91,979,999	90,174,456	89,396,660	88,555,296	87,337,625
24. Unearned premiums (Page 3, Line 9)	309,110,540	315,232,712	303,492,700	290,494,052	275,005,566
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)	737,789,895	775,280,182	766,142,926	764,851,827	716,364,695
<b>Cash Flow (Page 5)</b>					
27. Net cash from operations (Line 11)	1,454,270	6,810,838	36,231,967	64,990,353	161,608,252
<b>Risk-Based Capital Analysis</b>					
28. Total adjusted capital	737,789,895	775,280,182	766,142,926	764,851,827	716,364,695
29. Authorized control level risk-based capital	99,525,878	91,524,418	121,183,780	110,677,878	104,418,478
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b>					
(Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1)	82.2	82.4	82.6	81.6	83.9
31. Stocks (Lines 2.1 & 2.2)	19.3	19.3	19.0	20.1	18.0
32. Mortgage loans on real estate (Lines 3.1 & 3.2)				0.1	0.2
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	(2.1)	(2.3)	(2.5)	(2.1)	(2.2)
35. Contract loans (Line 6)					
36. Derivatives (Line 7)					
37. Other invested assets (Line 8)					
38. Receivables for securities (Line 9)	0.0				
39. Securities lending reinvested collateral assets (Line 10)	0.6	0.6	0.8	0.2	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
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
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)	288,805,261	287,086,358	277,523,112	280,866,002	237,058,885
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	288,805,261	287,086,358	277,523,112	280,866,002	237,058,885
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)	39.1	37.0	36.2	36.7	33.1

**SCOTTSDALE INSURANCE COMPANY**  
**FIVE-YEAR HISTORICAL DATA**  
(Continued)

	1 2017	2 2016	3 2015	4 2014	5 2013
<b>Capital and Surplus Accounts (Page 4)</b>					
51. Net unrealized capital gains (losses) (Line 24).....	7,559,530	(3,821,554)	(7,013,889)	16,832,704	9,385,630
52. Dividends to stockholders (Line 35).....					
53. Change in surplus as regards policyholders for the year (Line 38).....	(37,490,287)	9,137,256	1,291,099	48,487,132	46,165,983
<b>Gross Losses Paid (Page 9, Part 2, Cols. 1 &amp; 2)</b>					
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).....	1,045,010,642	1,080,168,753	967,370,231	819,924,110	697,405,356
55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	515,864,151	464,502,996	430,480,194	386,655,788	382,620,225
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	533,112,358	451,852,748	403,794,088	401,913,430	364,352,591
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	16,491,806	11,625,611	13,646,190	18,408,887	25,255,105
58. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	(688,959)	30,837	4,728	38,589	407,575
59. Total (Line 35).....	2,109,789,997	2,008,180,945	1,815,295,431	1,626,940,804	1,470,040,852
<b>Net Losses Paid (Page 9, Part 2, Col. 4)</b>					
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).....	199,118,190	200,892,410	182,942,599	169,801,750	126,596,843
61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	120,846,793	119,568,417	102,796,264	96,715,068	87,547,348
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	180,235,135	134,129,765	122,028,743	132,556,970	87,440,457
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	3,632,992	5,603,849	6,209,187	6,003,906	5,342,760
64. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	(688,959)	30,837	4,728	38,589	407,575
65. Total (Line 35).....	503,144,151	460,225,278	413,981,521	405,116,283	307,334,983
<b>Operating Percentages (Page 4)</b> (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).....	70.7	65.3	61.5	61.1	55.8
68. Loss expenses incurred (Line 3).....	10.4	9.4	9.5	10.0	10.4
69. Other underwriting expenses incurred (Line 4).....	31.6	32.3	33.7	33.8	35.7
70. Net underwriting gain (loss) (Line 8).....	(12.6)	(7.0)	(4.8)	(4.9)	(1.8)
<b>Other Percentages</b>					
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).....	30.4	31.1	32.5	32.4	33.0
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	81.1	74.7	71.1	71.1	66.2
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).....	102.3	100.5	97.6	94.3	98.7
<b>One Year Loss Development (\$000 omitted)</b>					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	3,408	14,612	8,777	4,012	(6,346)
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).....	0.4	1.9	1.1	0.6	(0.9)
<b>Two Year Loss Development (\$000 omitted)</b>					
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).....	15,126	18,560	6,832	(5,888)	(11,851)
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).....	2.0	2.4	1.0	(0.9)	(1.7)

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.....	.....6,116	.....2,285	.....1,797	.....496	.....245	.....13	.....273	.....5,364	....XXX.....	
2. 2008.....	....773,338	....103,007	....670,330	....463,134	....52,136	....22,107	....1,805	....56,072	....3,843	....20,498	....483,528	....XXX.....	
3. 2009.....	....750,617	....101,803	....648,814	....430,209	....51,771	....21,405	....2,114	....51,325	....4,560	....19,962	....444,493	....XXX.....	
4. 2010.....	....729,425	....98,038	....631,387	....414,244	....44,126	....20,388	....1,812	....51,346	....4,711	....20,990	....435,329	....XXX.....	
5. 2011.....	....691,603	....66,679	....624,924	....465,017	....40,212	....23,629	....2,819	....52,377	....2,096	....23,118	....495,895	....XXX.....	
6. 2012.....	....715,794	....71,981	....643,813	....445,785	....55,484	....20,823	....1,930	....51,418	....2,934	....23,929	....457,678	....XXX.....	
7. 2013.....	....753,908	....76,227	....677,681	....409,625	....33,199	....19,829	....1,877	....48,366	....2,081	....24,152	....440,663	....XXX.....	
8. 2014.....	....794,372	....77,578	....716,794	....439,977	....33,276	....18,209	....1,824	....48,740	....2,006	....25,975	....469,819	....XXX.....	
9. 2015.....	....827,500	....80,938	....746,562	....418,237	....31,946	....13,291	....1,087	....47,688	....1,882	....27,074	....444,300	....XXX.....	
10. 2016.....	....843,721	....75,970	....767,751	....402,256	....26,502	....8,483	....888	....47,499	....1,736	....27,277	....429,112	....XXX.....	
11. 2017.....	....826,582	....65,716	....760,866	....324,321	....16,584	....3,386	....204	....42,033	....1,221	....17,417	....351,730	....XXX.....	
12. Totals.....	.....XXX.....	.....XXX.....	.....XXX.....	....4,218,920	....387,522	....173,345	....16,857	....497,108	....27,084	....230,665	....4,457,912	....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.....	....66,995	....46,156	....12,254	....7,524	....1,288	....686	....3,166	....1,228	....509	....10	....308	....28,608	....XXX.....
2. 2008.....	....4,308	....1,300	....1,065	....542	....234	....50	....583	....12	....192	....18	....73	....4,460	....XXX.....
3. 2009.....	....4,789	....2,447	....1,635	....882	....200	....41	....710	....16	....197	....7	....112	....4,136	....XXX.....
4. 2010.....	....5,572	....1,813	....2,470	....1,378	....299	....33	....1,187	....195	....268	....30	....147	....6,347	....XXX.....
5. 2011.....	....9,845	....3,017	....2,882	....1,483	....512	....171	....1,433	....84	....312	....26	....290	....10,202	....XXX.....
6. 2012.....	....11,443	....3,151	....4,223	....1,904	....938	....368	....1,986	....183	....381	....36	....434	....13,330	....XXX.....
7. 2013.....	....19,414	....3,263	....5,680	....2,303	....1,027	....188	....3,248	....230	....588	....53	....707	....23,919	....XXX.....
8. 2014.....	....39,368	....5,934	....11,070	....5,272	....1,691	....400	....6,359	....481	....1,083	....104	....1,421	....47,380	....XXX.....
9. 2015.....	....58,002	....5,581	....18,412	....4,465	....2,292	....457	....11,237	....825	....1,874	....212	....1,967	....80,278	....XXX.....
10. 2016.....	....85,942	....6,549	....39,570	....7,459	....2,660	....643	....18,038	....1,421	....3,468	....293	....4,038	....133,313	....XXX.....
11. 2017.....	....152,741	....10,153	....112,538	....29,048	....2,235	....513	....24,141	....1,932	....9,152	....563	....14,403	....258,598	....XXX.....
12. Totals....	....458,419	....89,364	....211,798	....62,260	....13,376	....3,550	....72,089	....6,606	....18,023	....1,353	....23,901	....610,572	....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
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	Loss	Loss Expense		Losses Unpaid	Loss Expenses Unpaid
1. Prior..	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	.....	.....	....XXX.....	....25,569	....3,039
2. 2008.....	....547,695	....59,706	....487,989	....70.8	....58.0	....72.8	.....	.....	....4.00	....3,531	....929
3. 2009.....	....510,469	....61,839	....448,630	....68.0	....60.7	....69.1	.....	.....	....4.00	....3,094	....1,043
4. 2010.....	....495,773	....54,098	....441,676	....68.0	....55.2	....70.0	.....	.....	....4.00	....4,850	....1,497
5. 2011.....	....556,005	....49,909	....506,097	....80.4	....74.8	....81.0	.....	.....	....4.00	....8,226	....1,976
6. 2012.....	....536,998	....65,989	....471,009	....75.0	....91.7	....73.2	.....	.....	....4.00	....10,612	....2,719
7. 2013.....	....507,776	....43,194	....464,582	....67.4	....56.7	....68.6	.....	.....	....4.00	....19,528	....4,392
8. 2014.....	....566,496	....49,297	....517,199	....71.3	....63.5	....72.2	.....	.....	....4.00	....39,233	....8,147
9. 2015.....	....571,033	....46,455	....524,578	....69.0	....57.4	....70.3	.....	.....	....4.00	....66,368	....13,910
10. 2016.....	....607,916	....45,491	....562,425	....72.1	....59.9	....73.3	.....	.....	....4.00	....111,504	....21,808
11. 2017.....	....670,547	....60,218	....610,329	....81.1	....91.6	....80.2	.....	.....	....4.00	....226,079	....32,520
12. Totals....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....0	....0	....XXX.....	....518,593	....91,979

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 2008	2 2009	3 2010	4 2011	5 2012	6 2013	7 2014	8 2015	9 2016	10 2017	11 One Year	12 Two Year
1. Prior.....	281,061	271,060	263,965	258,502	255,352	253,091	250,066	248,401	247,470	247,232	(239)	(1,170)
2. 2008.....	442,913	445,746	440,666	436,494	436,246	435,593	435,289	435,432	435,533	435,586	54	155
3. 2009.....	XXX.....	418,591	407,301	403,338	401,937	400,969	401,212	401,214	401,717	401,675	(41)	461
4. 2010.....	XXX.....	XXX.....	404,159	399,335	397,470	395,546	395,291	395,122	394,663	394,802	139	(320)
5. 2011.....	XXX.....	XXX.....	XXX.....	451,404	450,603	452,086	454,161	455,414	455,183	455,530	348	116
6. 2012.....	XXX.....	XXX.....	XXX.....	XXX.....	421,169	419,105	420,826	421,630	422,497	422,179	(318)	550
7. 2013.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	407,499	411,063	413,550	417,684	417,762	78	4,212
8. 2014.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	456,748	462,874	468,098	469,487	1,390	6,613
9. 2015.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	472,602	476,308	477,111	803	4,510
10. 2016.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	512,293	513,488	1,194	XXX.....
11. 2017.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	560,928	XXX.....	XXX.....
									12. Totals.....	3,408		15,126

**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 2008	2 2009	3 2010	4 2011	5 2012	6 2013	7 2014	8 2015	9 2016	10 2017		
1. Prior.....	000.....	84,348	136,781	168,143	185,626	196,903	204,090	209,639	213,985	219,117	XXX.....	XXX.....
2. 2008.....	251,510	343,633	378,022	401,563	415,353	422,470	426,337	428,736	430,322	431,300	XXX.....	XXX.....
3. 2009.....	XXX.....	230,317	312,570	347,500	369,737	381,737	388,723	393,111	395,649	397,729	XXX.....	XXX.....
4. 2010.....	XXX.....	XXX.....	229,718	311,495	344,334	365,575	377,649	383,574	386,758	388,693	XXX.....	XXX.....
5. 2011.....	XXX.....	XXX.....	XXX.....	272,871	358,604	393,791	417,844	432,796	441,394	445,614	XXX.....	XXX.....
6. 2012.....	XXX.....	XXX.....	XXX.....	XXX.....	239,486	326,004	362,753	387,229	402,199	409,194	XXX.....	XXX.....
7. 2013.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	226,216	311,845	349,794	377,955	394,378	XXX.....	XXX.....
8. 2014.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	256,924	350,117	394,687	423,085	XXX.....	XXX.....
9. 2015.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	254,449	353,135	398,495	XXX.....	XXX.....
10. 2016.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	276,608	383,350	XXX.....	XXX.....
11. 2017.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	310,918	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 2008	2 2009	3 2010	4 2011	5 2012	6 2013	7 2014	8 2015	9 2016	10 2017
1. Prior.....	123,301	82,377	57,448	39,041	29,881	23,387	16,247	11,574	8,406	6,671
2. 2008.....	96,831	47,241	26,320	13,722	8,170	5,260	3,413	2,365	1,516	1,094
3. 2009.....	XXX.....	96,331	40,459	21,577	12,098	7,332	4,368	2,855	2,058	1,446
4. 2010.....	XXX.....	XXX.....	87,661	36,344	20,247	11,037	6,342	4,119	2,483	2,083
5. 2011.....	XXX.....	XXX.....	XXX.....	85,691	36,336	20,179	10,660	6,779	4,095	2,748
6. 2012.....	XXX.....	XXX.....	XXX.....	90,617	37,979	20,224	10,472	5,972	4,123	
7. 2013.....	XXX.....	XXX.....	XXX.....	XXX.....	87,926	38,778	20,645	10,646	6,395	
8. 2014.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	94,515	42,558	22,077	11,677	
9. 2015.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	105,139	47,390	24,360	
10. 2016.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	116,004	48,728	
11. 2017.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	105,699	

**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 on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)	
		2 Direct Premiums Written	3 Direct Premiums Earned							
1. Alabama.....	AL E.....	26,753,657	24,819,108		9,069,510	10,809,406	15,016,851			
2. Alaska.....	AK E.....	3,578,735	3,486,303		214,967	1,082,937	4,033,380			
3. Arizona.....	AZ L.....	11,799,466	11,084,814		4,619,978	4,350,292	5,424,493	780	194,594	
4. Arkansas.....	AR E.....	11,642,059	10,635,221		6,446,942	7,373,290	9,350,106			
5. California.....	CA E.....	309,983,222	293,206,451		111,604,000	155,065,054	267,959,918	2,140		
6. Colorado.....	CO E.....	30,752,489	29,509,073		45,279,920	39,241,004	30,801,155			
7. Connecticut.....	CT E.....	10,959,457	9,862,498		4,276,155	4,718,110	10,869,469			
8. Delaware.....	DE L.....	693,812	672,925		64,930	(29,817)	816,558			
9. District of Columbia.....	DC E.....	13,639,735	13,413,208		711,973	1,102,624	6,919,583		8,250,110	
10. Florida.....	FL E.....	202,495,075	193,488,825		125,291,056	150,590,797	184,645,566		(9,058)	
11. Georgia.....	GA E.....	48,798,957	43,346,431		27,623,732	24,498,563	30,609,612			
12. Hawaii.....	HI E.....	11,669,820	11,813,892		6,032,289	4,339,423	9,547,057			
13. Idaho.....	ID E.....	5,534,676	5,483,515		2,515,258	3,871,544	4,129,438	90		
14. Illinois.....	IL E.....	36,619,195	35,621,190		17,377,456	20,864,851	50,289,931	90		
15. Indiana.....	IN E.....	28,683,925	28,037,146		12,665,979	13,806,120	28,978,154	280		
16. Iowa.....	IA E.....	6,933,006	6,926,278		2,675,035	1,836,171	5,656,825	45		
17. Kansas.....	KS E.....	8,495,978	8,667,754		3,178,021	4,637,114	6,306,196			
18. Kentucky.....	KY E.....	9,508,002	8,379,182		5,582,660	4,935,136	6,010,719			
19. Louisiana.....	LA E.....	91,103,931	88,803,774		26,894,025	31,613,212	71,462,549			
20. Maine.....	ME E.....	2,113,772	1,855,235		246,997	120,139	1,526,635			
21. Maryland.....	MD E.....	16,855,401	12,574,976		3,231,109	2,825,287	10,503,773			
22. Massachusetts.....	MA E.....	25,464,993	24,401,074		8,332,129	17,099,638	36,402,965			
23. Michigan.....	MI E.....	13,461,262	11,485,974		2,622,186	(718,906)	11,596,326	45		
24. Minnesota.....	MN E.....	13,553,198	14,222,259		11,426,042	13,513,565	17,513,920	45		
25. Mississippi.....	MS E.....	15,553,884	14,368,646		4,255,174	6,271,333	9,904,226	90		
26. Missouri.....	MO E.....	17,700,797	18,141,060		8,876,694	6,632,674	15,088,729			
27. Montana.....	MT E.....	9,360,960	8,799,450		10,420,228	5,075,054	5,581,805			
28. Nebraska.....	NE E.....	6,540,525	6,635,252		3,497,821	3,290,339	5,153,504	15		
29. Nevada.....	NV E.....	9,354,149	8,749,182		1,393,928	2,834,421	10,253,431			
30. New Hampshire.....	NH E.....	1,997,392	1,828,355		576,239	223,063	1,600,784			
31. New Jersey.....	NJ E.....	59,050,305	59,298,141		33,262,145	25,884,610	80,703,558		(8,093)	
32. New Mexico.....	NM E.....	9,756,046	9,216,131		6,295,955	7,113,538	7,337,501			
33. New York.....	NY E.....	191,329,391	205,074,410		111,056,383	219,256,058	659,582,296	260		
34. North Carolina.....	NC E.....	29,270,202	28,743,798		6,796,262	7,308,737	16,372,590	225		
35. North Dakota.....	ND E.....	4,206,671	3,939,135		367,369	774,475	1,866,980			
36. Ohio.....	OH L.....	5,544,074	4,929,645		397,601	596,737	4,436,929	260	6,806	
37. Oklahoma.....	OK E.....	20,334,843	18,809,035		6,737,667	8,962,510	13,045,898			
38. Oregon.....	OR E.....	15,271,220	14,560,496		7,631,209	11,471,495	21,873,476	360		
39. Pennsylvania.....	PA E.....	29,700,189	27,405,027		16,008,067	6,907,935	31,902,948	180		
40. Rhode Island.....	RI E.....	3,885,402	3,751,298		557,180	1,247,098	4,047,421			
41. South Carolina.....	SC E.....	26,355,211	25,624,526		21,670,999	16,815,096	25,126,984	.5		
42. South Dakota.....	SD E.....	2,146,353	1,917,817		528,024	682,319	1,060,502			
43. Tennessee.....	TN E.....	16,053,150	15,467,478		6,676,944	1,645,510	12,020,852	90		
44. Texas.....	TX E.....	186,554,716	179,117,920		86,254,002	149,076,198	196,268,295	(45)	262,245	
45. Utah.....	UT E.....	9,327,909	8,436,903		1,557,463	3,554,345	8,167,479			
46. Vermont.....	VT E.....	1,680,097	1,583,526		513,809	516,189	1,697,746			
47. Virginia.....	VA E.....	27,951,223	25,496,765		4,790,956	4,874,169	17,138,094			
48. Washington.....	WA E.....	31,258,168	29,643,120		13,704,554	20,515,963	33,157,689	195		
49. West Virginia.....	WV E.....	6,855,822	6,347,821		2,321,931	3,390,818	5,795,861			
50. Wisconsin.....	WI E.....	8,133,251	6,207,440		1,579,512	1,559,731	5,437,561	45		
51. Wyoming.....	WY E.....	4,383,631	3,845,630		983,556	1,124,048	1,838,676			
52. American Samoa.....	AS N.....									
53. Guam.....	GU N.....									
54. Puerto Rico.....	PR E.....	153,087	162,847		3	3,005,821	3,153,026			
55. US Virgin Islands.....	VI E.....	133,076	133,022			20,733	.86,891			
56. Northern Mariana Islands.....	MP N.....									
57. Canada.....	CAN N.....	14,137	17,311			(4)	1,291			
58. Aggregate Other Alien.....	OT XXX	556,014	328,850	0	0	47,239	425,916	0	0	
59. Totals.....		(a) 3	1,691,505,718	1,630,377,143	0	796,694,024	1,038,223,806	2,026,500,118	5,195	8,696,604

## DETAILS OF WRITE-INS

58001. Bermuda	BMU	XXX	556,014	278,015			76,265	298,245		
58002. England	EG	XXX		50,835			(29,026)	127,671		
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 5898) (Line 58 above)		XXX	556,014	328,850	0	0	47,239	425,916	0	0

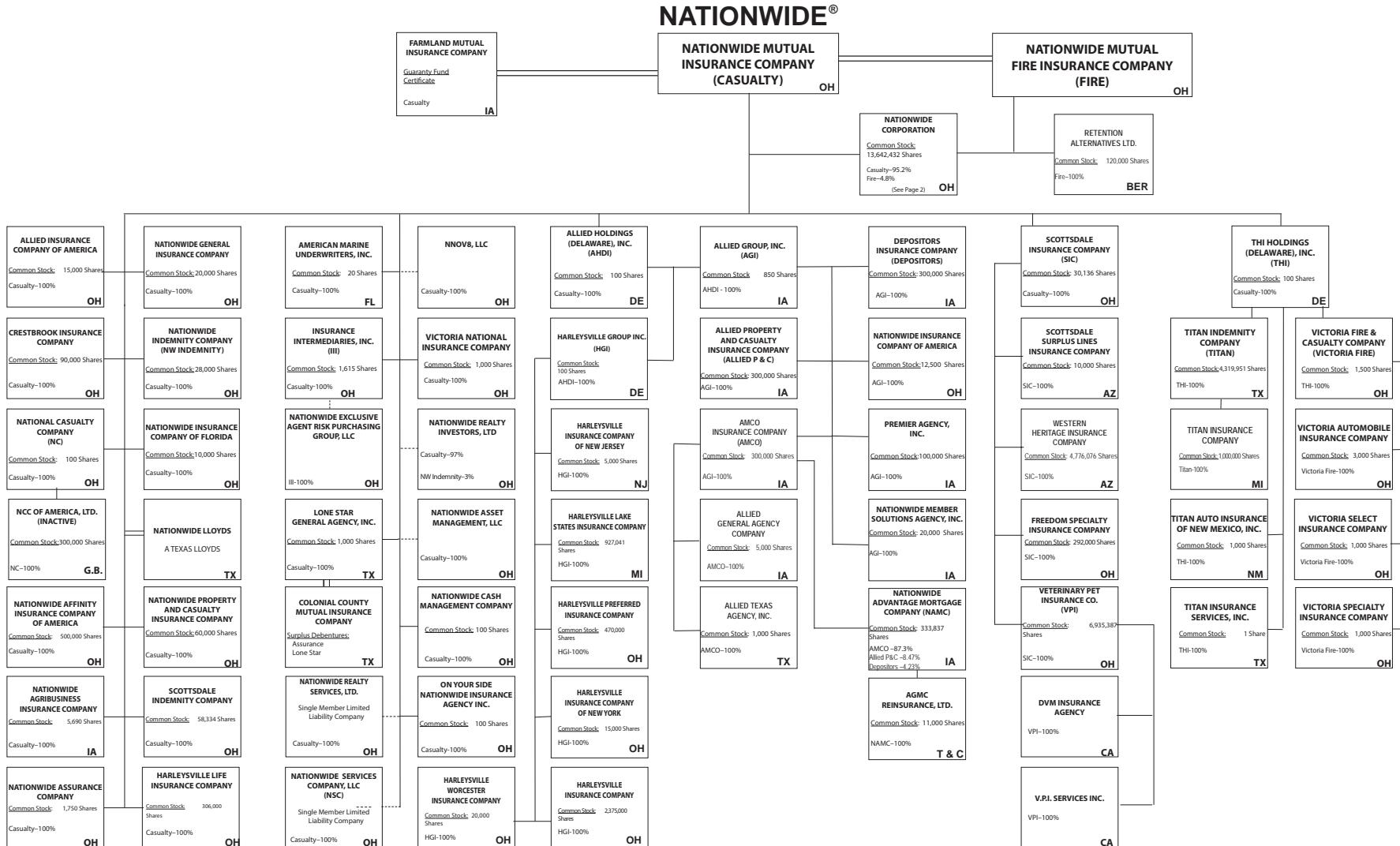
(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer;

(E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state (other than their state of domicile see DSLI); (D) - DSLI - Domestic Surplus Lines Insurer (DSLI) - Reporting entities authorized to write Surplus Lines in the state of domicile; (N) - None of the above - Not allowed to write business in the state.

## Explanation of Basis of Allocation of Premiums by States, etc.

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

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

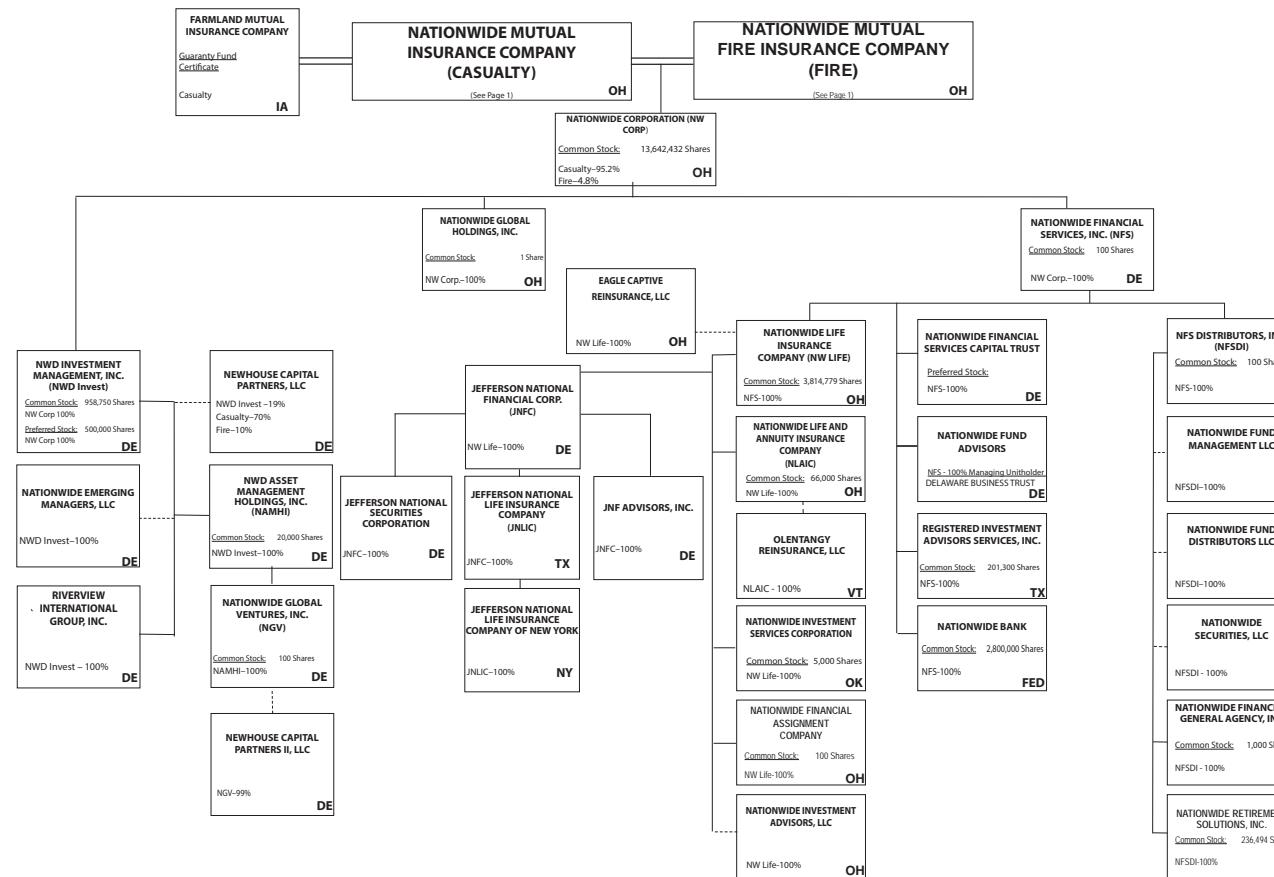


Subsidiary Companies — Solid Line  
Contractual Association = Double Line  
Limited Liability Company - Dotted Line

Page 1

(Casualty/Fire subsidiaries)

**NATIONWIDE®**



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

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(Nationwide Corp. subsidiaries)

**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	OH	41-0417250	Harleysville Insurance Company
0140	Nationwide	42900	NJ	23-2253669	Harleysville Insurance Company of New Jersey
0140	Nationwide	10674	OH	23-2864924	Harleysville Insurance Company of New York
0140	Nationwide	14516	MI	38-3198542	Harleysville Lake States Insurance Company
0140	Nationwide	64327	OH	23-1580983	Harleysville Life Insurance Company
0140	Nationwide	35696	OH	23-2384978	Harleysville Preferred Insurance Company
0140	Nationwide	26182	OH	04-1989660	Harleysville Worcester Insurance Company
0140	Nationwide	64017	TX	75-0300900	Jefferson National Life Insurance Company
0140	Nationwide	15727	NY	47-1180302	Jefferson National Life Insurance Company of New York
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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