

SERFF Tracking Number: NWPC-125325746 State: Arkansas
Filing Company: Nationwide Mutual Insurance Company. State Tracking Number: AR-PC-07-026479
Company Tracking Number: 08PUL-5010AR-NA
TOI: 17.0 Other Liability - Claims Made/Occurrence Sub-TOI: 17.0021 Personal Umbrella and Excess
Product Name: Personal Umbrella Liability
Project Name/Number: Personal Umbrella Liability Rate Revision/08PUL-5010AR-NA

Filing at a Glance

Company: Nationwide Mutual Insurance Company.

Product Name: Personal Umbrella Liability SERFF Tr Num: NWPC-125325746 State: Arkansas
TOI: 17.0 Other Liability - Claims SERFF Status: Closed State Tr Num: AR-PC-07-026479
Made/Occurrence
Sub-TOI: 17.0021 Personal Umbrella and Excess Co Tr Num: 08PUL-5010AR-NA State Status:
Filing Type: Rate Co Status: Reviewer(s): Becky Harrington,
Betty Montesi, Brittany Yielding
Author: Naima Abdur-Rashid Disposition Date: 10/19/2007
Date Submitted: 10/18/2007 Disposition Status: Filed
Effective Date Requested (New): 01/01/2008 Effective Date (New): 01/01/2008
Effective Date Requested (Renewal): 01/01/2008 Effective Date (Renewal):
01/01/2008

General Information

Project Name: Personal Umbrella Liability Rate Revision Status of Filing in Domicile: Not Filed
Project Number: 08PUL-5010AR-NA Domicile Status Comments: N/A
Reference Organization: N/A Reference Number: N/A
Reference Title: N/A Advisory Org. Circular: N/A
Filing Status Changed: 10/19/2007
State Status Changed: 10/19/2007 Deemer Date:
Corresponding Filing Tracking Number:
Filing Description:
October 18, 2007

Ms. Julie Benafield Bowman
Commissioner of Insurance

SERFF Tracking Number: NWPC-125325746 State: Arkansas
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Arkansas Insurance Department

1200 W. 3rd St.

Little Rock, AR 72201-1904

Attention: Property and Casualty Division

Re: Nationwide Mutual Insurance Company, NAIC No. 23787

Personal Umbrella Liability Rate Revision

File No. 08PUL-5010AR-NA

SERFF Tracking No. NWPC-125325746

Dear Sir or Madam:

Please find herein a filing memorandum and supporting exhibits pertaining to a premium level increase of 1.6 percent for Personal Umbrella Liability (PUL) policies written in the Nationwide Mutual Insurance Company. The effective date for this filing is January 1, 2008.

We have enclosed the filing forms and exhibits required by the department, along with draft manual pages that provide a side by side comparison of the revisions. The filing fee will be submitted via Electronic Funds Transfer in SERFF. Please contact me at (614) 249-7022 or at (800) 882-2822, extension 97022, with any questions. You may also reach me via facsimile at (614) 249-3885 or via e-mail at chapmal@nationwide.com.

Sincerely,

Laurie B. Chapman
Manager, State Filings

LBC/na

Attachments

SERFF Tracking Number: NWPC-125325746 State: Arkansas
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Company and Contact

Filing Contact Information

Laurie Chapman, State Filings Manager chapmal@nationwide.com
 One Nationwide Plaza (614) 249-7022 [Phone]
 Columbus, OH 43215 (614) 249-3885[FAX]

Filing Company Information

Nationwide Mutual Insurance Company. CoCode: 23787 State of Domicile: Ohio
 One Nationwide Plaza Group Code: 140 Company Type: Property and
 Casualty
 Columbus, OH 43215 Group Name: Nationwide Insurance State ID Number:
 (614) 249-7022 ext. [Phone] FEIN Number: 31-4177100

Filing Fees

Fee Required? Yes
 Fee Amount: \$50.00
 Retaliatory? No
 Fee Explanation: Arkansas charges a \$50.00 filing fee per rate revision filing.
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Nationwide Mutual Insurance Company.	\$50.00	10/18/2007	16187475

SERFF Tracking Number: NWPC-125325746 State: Arkansas
Filing Company: Nationwide Mutual Insurance Company. State Tracking Number: AR-PC-07-026479
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Project Name/Number: Personal Umbrella Liability Rate Revision/08PUL-5010AR-NA

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	10/19/2007	10/19/2007

SERFF Tracking Number: NWPC-125325746 State: Arkansas
 Filing Company: Nationwide Mutual Insurance Company. State Tracking Number: AR-PC-07-026479
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 Product Name: Personal Umbrella Liability
 Project Name/Number: Personal Umbrella Liability Rate Revision/08PUL-5010AR-NA

Rate Information

Rate data applies to filing.

Filing Method: File and Use
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: 5.700%
Effective Date of Last Rate Revision: 01/01/2007
Filing Method of Last Filing: File and Use

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):
Nationwide Mutual Insurance Company.	1.600%	1.600%	\$4,700	1,070	\$263,220	%	%

SERFF Tracking Number: NWPC-125325746 State: Arkansas
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Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Filed	Revised Personal Umbrella Liability Rates	Draft Manual Page PUL-6 (Insert PUL-6)	Replacement	F779AR Rate and Rule Filing Schedule.pdf Draft Manual Page - AR.pdf

RATE/RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #		08PUL-5010AR-NA				
2.	This filing corresponds to form filing number (Company tracking number of form filing, if applicable)		N/A				
		<input checked="" type="checkbox"/> Rate Increase	<input type="checkbox"/> Rate Decrease	<input type="checkbox"/> Rate Neutral (0%)			
3.	Filing Method (Prior Approval, File & Use, Flex Band, etc.)		File and Use				
4a.	Rate Change by Company (As Proposed)						
Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)
Nationwide Mutual Insurance Company	+1.6%	+1.6%	\$4,700	1,070	\$263,220	N/A	N/A
4b.	Rate Change by Company (As Accepted) For State Use Only						
Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)
Overall Rate Information (Complete for Multiple Company Filings only)							
					COMPANY USE	STATE USE	
5a.	Overall percentage rate indication (when applicable)			+1.6%			
5b.	Overall percentage rate impact for this filing			+1.6%			
5c.	Effect of Rate Filing – Written premium change for this program			\$4,700			
5d.	Effect of Rate Filing – Number of policyholders affected			1,070			
6.	Overall percentage of last rate revision			+5.7%			
7.	Effective Date of last rate revision			1/1/2007			
8.	Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)			File and Use			
9.	Rule # or Page # Submitted for Review		Replacement or Withdrawn?			Previous state filing number, if required by state	
01	Revised Personal Umbrella Liability Rates Draft Manual Page PUL-6 (Insert PUL-6)		<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn			N/A	
02			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn				
03			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn				

F. RATE TABLES

Table A – Automobile Exposure Charges

Eff. ~~1-1-07~~ 1-1-08

Territory	Initial Auto	Each Additional Auto	Non-Owned Auto	Each Youthful Driver Under Age 21	Each Youthful Driver Age 21-24	Each On-Road Recreational Vehicle	Each Off-Road Recreational Vehicle	Initial UMC	Each Additional UMC
18	\$37.50	\$30.00	\$35.60	\$78.80	\$46.90	\$22.50	\$5.60	\$28.10	\$22.50
19	45.00	36.00	42.80	94.50	56.30	27.00	6.80	33.80	27.00
20	42.70	34.20	40.60	89.70	53.40	25.60	6.40	32.00	25.60
21	41.00	32.80	39.00	86.10	51.30	24.60	6.20	30.80	24.60
22	47.80	38.20	45.40	100.40	59.80	28.70	7.20	35.90	28.70
23	51.60	41.30	49.00	108.40	64.50	31.00	7.70	38.70	31.00
24	60.50	48.40	57.50	127.10	75.60	36.30	9.10	45.40	36.30

Table B – Personal Liability/Residence Exposure Charges

Eff. ~~1-1-07~~ 1-1-08

Insert PUL-6

Territory	Initial Residence	Each Additional Residence	Permitted Occupancy	Owned Residential Premises Occupied by Others
Entire State	\$81.50 \$81.40	\$5.00	\$20.00	\$10.00

Table C – Watercraft Charges – Entire State

Charge Per Watercraft (Other than Personal Watercraft)				
Horsepower	Length (Feet)			
	Up to 26'	27' - 30'	31' - 35'	36' and Up
0 - 100	\$15.00	\$30.00	\$35.00	R
101 - 200	40.00	40.00	45.00	R
201 - 300	55.00	50.00	55.00*	R
301 - 400	R	55.00*	60.00*	R
401 and Up	R	R	R	R

* Requires minimum of \$500,000 underlying watercraft liability coverage. Apply appropriate credit for \$500,000 or \$1,000,000 underlying coverage.
R – Refer to Underwriting.

Personal Watercraft (including Jet Skis, Wet Bikes and similar watercrafts)	
Charge Per Personal Watercraft:	\$ 36.00

EXCEPTION – Watercrafts with Maximum Top Speed in Excess of 50 MPH

The above Regular Watercraft Charges shall be increased 35 percent (multiply by a factor of 1.35) if the watercraft has a maximum top speed in excess of 50 MPH.

Insert PUL-6

Arkansas (Eff. 1/1/2008)

Nationwide Mutual Insurance Company

Territory	Initial Auto	Each Additional Auto	Non-Owned Auto	Each Youthful Driver Under Age 21	Each Youthful Driver Age 21 - 24	Each On-Road Recreational Vehicle	Each Off-Road Recreational Vehicle	Initial UMC	Each Additional UMC
18	\$ 36.20	\$ 29.00	\$ 34.40	\$ 86.90	\$ 52.50	\$ 21.70	\$ 5.40	\$ 32.90	\$ 26.40
19	43.40	34.70	41.20	104.20	62.90	26.00	6.50	39.50	31.70
20	41.20	33.00	39.10	98.90	59.70	24.70	6.20	37.50	30.10
21	39.60	31.70	37.60	95.00	57.40	23.80	5.90	36.00	28.90
22	46.10	36.90	43.80	110.60	66.80	27.70	6.90	42.00	33.70
23	49.80	39.80	47.30	119.50	72.20	29.90	7.50	45.30	36.40
24	58.40	46.70	55.50	140.20	84.70	35.00	8.80	53.10	42.60

SERFF Tracking Number: NWPC-125325746 State: Arkansas
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Product Name: Personal Umbrella Liability
Project Name/Number: Personal Umbrella Liability Rate Revision/08PUL-5010AR-NA

Supporting Document Schedules

Satisfied -Name: Uniform Transmittal Document-
Property & Casualty **Review Status:** Filed 10/19/2007

Comments:

Attachments:

F777AR P&C Transmittal.pdf
F779AR Rate and Rule Filing Schedule.pdf

Satisfied -Name: Cover Letter, Filing Memorandum,
and Exhibits **Review Status:** Filed 10/19/2007

Comments:

Attachments:

Cover Letter.pdf
Filing Memorandum.pdf
Filing Exhibits.pdf

Property & Casualty Transmittal Document—

20. This filing transmittal is part of Company Tracking #	08PUL-5010AR-NA
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21. Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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Please find herein a filing memorandum and supporting exhibits pertaining to a premium level increase of 1.6 percent for Personal Umbrella Liability (PUL) policies written in the Nationwide Mutual Insurance Company. The effective date for this filing is January 1, 2008.

We have enclosed the filing forms and exhibits required by the department, along with draft manual pages that provide a side by side comparison of the revisions. The filing fee will be submitted via Electronic Funds Transfer in SERFF.

22. Filing Fees (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]

Check #: N/A – Filing fee will be submitted via EFT in SERFF

Amount: \$50.00

Arkansas charges a \$50.00 filing fee for rate revision filings.

Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.

*****Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**

RATE/RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #		08PUL-5010AR-NA				
2.	This filing corresponds to form filing number (Company tracking number of form filing, if applicable)		N/A				
		<input checked="" type="checkbox"/> Rate Increase	<input type="checkbox"/> Rate Decrease	<input type="checkbox"/> Rate Neutral (0%)			
3.	Filing Method (Prior Approval, File & Use, Flex Band, etc.)		File and Use				
4a.	Rate Change by Company (As Proposed)						
Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)
Nationwide Mutual Insurance Company	+1.6%	+1.6%	\$4,700	1,070	\$263,220	N/A	N/A
4b.	Rate Change by Company (As Accepted) For State Use Only						
Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)
Overall Rate Information (Complete for Multiple Company Filings only)							
					COMPANY USE	STATE USE	
5a.	Overall percentage rate indication (when applicable)			+1.6%			
5b.	Overall percentage rate impact for this filing			+1.6%			
5c.	Effect of Rate Filing – Written premium change for this program			\$4,700			
5d.	Effect of Rate Filing – Number of policyholders affected			1,070			
6.	Overall percentage of last rate revision			+5.7%			
7.	Effective Date of last rate revision			1/1/2007			
8.	Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)			File and Use			
9.	Rule # or Page # Submitted for Review		Replacement or Withdrawn?			Previous state filing number, if required by state	
01	Revised Personal Umbrella Liability Rates Draft Manual Page PUL-6 (Insert PUL-6)		<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn			N/A	
02			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn				
03			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn				



October 18, 2007

Ms. Julie Benafield Bowman
Commissioner of Insurance
Arkansas Insurance Department
1200 W. 3rd St.
Little Rock, AR 72201-1904

Attention: Property and Casualty Division

Re: Nationwide Mutual Insurance Company, NAIC No. 23787
Personal Umbrella Liability Rate Revision
File No. 08PUL-5010AR-NA
SERFF Tracking No. NWPC-125325746

Dear Sir or Madam:

Please find herein a filing memorandum and supporting exhibits pertaining to a premium level increase of 1.6 percent for Personal Umbrella Liability (PUL) policies written in the Nationwide Mutual Insurance Company. The effective date for this filing is January 1, 2008.

We have enclosed the filing forms and exhibits required by the department, along with draft manual pages that provide a side by side comparison of the revisions. The filing fee will be submitted via Electronic Funds Transfer in SERFF. Please contact me at (614) 249-7022 or at (800) 882-2822, extension 97022, with any questions. You may also reach me via facsimile at (614) 249-3885 or via e-mail at chapmal@nationwide.com.

Sincerely,

A handwritten signature in black ink that reads "Laurie B. Chapman".

Laurie B. Chapman
Manager, State Filings

LBC/na

Attachments

Nationwide Insurance
One Nationwide Plaza, 1-18-06
Columbus, OH 43215

FILING MEMORANDUM
Arkansas Personal Umbrella Liability

Outlined herein are details and supporting data relating to changes in the Personal Umbrella Liability rates. Given the limited data available to analyze the rate level of the Personal Umbrella Liability product, portions of the analysis were performed on a countrywide basis.

Exhibit I displays the derivation of the indicated rate need of +1.6% percent for the State of Arkansas. Based upon this analysis, a rate level increase of 1.6% percent will be effective on January 1, 2008. The following provides additional details regarding the analysis not otherwise presented in the various supplemental exhibits.

Projected Premium at Current Rates

The following table shows the rate change history for Arkansas Personal Umbrella Liability underlying our Current Level Earned Premium displayed on Exhibit I, row 1.

Effective Date of Rate Change	Rate Change Amount
1/1/2007	5.7%
12/15/2005	7.6%
11/15/2004	15.8%
2/15/2003	14.7%
6/1/2001	13.8%

The resulting current level factors (using the parallelogram method) derived from the above rate history are displayed in the table below.

Fiscal Year Ending September 30	Current Level Factors
2002	1.552
2003	1.469
2004	1.329
2005	1.242
2006	1.112

For this analysis, a 0.0 percent premium trend was selected resulting in the Premium Projection Factors shown on Exhibit I, row 2. Thus, the Projected Current Level Earned Premium on row 3 is the same as the Current Level Earned Premium.

Estimated Ultimate Losses

Exhibit II displays the countrywide net settled, paid and incurred loss development activity for the past 16 accident years ending September and first evaluated at 18 months of development with annual evaluations thereafter. This data includes allocated loss adjustment expense under the new NAIC definition and is referred to as DCC (Defense and Cost Containment) Loss Adjustment Expense within this Exhibit. Exhibit III is a similar exhibit except that the original paid (settled) and incurred claim counts (less CWP's) are shown.

Ultimate claims counts were first selected since the expected level of claim activity serves as a means to evaluate the reasonableness of aggregate ultimate losses (assuming some average severity) arising from the various estimates that are developed below. These ultimate claims counts are considered explicitly in the claim disposal adjustment of the estimates of ultimate losses based on the net settled loss development. We have chosen to develop the ultimate counts using the pattern of incurred frequency differences between the various development ages. The selected ultimate claim counts for this analysis reflect the ultimate estimated frequency derived by adding the sum of the 4-year average frequency differences across the subsequent ages of development (omitting the 138-150 development period) to the most recent incurred frequency result for a given accident year. Exhibit IV illustrates the development of the ultimate claim frequency underlying our ultimate claim count selection.

The age-to-ultimate factors selected for the net settled loss development were chosen after reviewing the net settled, paid and incurred ultimates derived from the various averages as well as a review of claim disposal patterns and emerged to date severities. Exhibit V, Page 1 illustrates the disposal pattern adjustment. The selected disposal adjusted age-to-ultimate factors shown on this exhibit are the product of the 4-year average disposal adjustment factor and the selected age-to-ultimate factors for the net settled loss development displayed in Exhibit II. Page 2 of Exhibit V displays the adjustments that restate emerged losses to date to reflect prior years' average severities at the same development period. This adjustment essentially serves to remove large losses (larger than the historical age-to-ultimate factors would have contemplated) prior to the application of the age-to-ultimate factors; the presence of these "large" losses would tend to overstate the expected ultimate losses for a given accident year. This adjustment however will also increase the expected losses for a given accident year if the emerged severity for that accident year is lower than the historical averages. The use of both the disposal and severity adjustments results in an appraisal of a given accident year's future loss emergence that is largely independent of its emerge losses to date.

Over the past few years, Nationwide has transferred certain states' Personal Umbrella Liability portfolio to affiliated companies and has also discontinued certain coverages in other states. In order to construct an appropriate estimate for ultimate losses and DCC LAE for risks that are contemplated within our current portfolio, the following adjustments were required:

Accident Year Ending	Countrywide Net Settled Losses as of 3/31/07 – Exhibit II, Page 1	Net Settled Losses – Transferred Portfolio / Discontinued Coverages	Adjusted Countrywide Net Settled Losses as of 3/31/07	Age-to-Ultimate Loss Development Factors – Exhibit II, Page 1	Adjusted Countrywide Estimated Outstanding Losses & DCC LAE
09/30/02	18,224,862	575	18,224,287	1.1386	20,750,173
09/30/03	27,412,425	2,628,600	24,783,825	1.1723	29,054,078
09/30/04	24,573,618	78,178	24,495,440	1.6018	39,236,795
09/30/05	13,000,094	1,050,000	11,950,094	2.1617	25,832,519
09/30/06	3,777,822	0	3,777,822	9.1803	34,681,536

The table below summarizes the resulting estimated ultimate losses and DCC LAE along with the development of the countrywide outstanding loss cost:

Accident Year Ending	Adjusted Countrywide Estimated Losses and DCC LAE	Adjusted Countrywide Settled Losses as of 3/31/06	Countrywide Estimated Outstanding Losses & DCC LAE	Countrywide # Earned Exposures	Countrywide # Outstanding Loss Cost
09/30/02	20,750,173	18,224,287	2,525,886	188,230.2	13.42
09/30/03	29,054,078	24,783,825	4,270,253	186,773.6	22.86
09/30/04	39,236,795	24,495,440	14,741,355	184,917.1	79.72
09/30/05	25,832,519	11,950,094	13,882,425	187,431.7	74.07
09/30/06	34,681,536	3,777,822	30,903,714	193,067.3	160.07

Excludes transferred portfolios / discontinued coverages.

The Estimated Ultimate Losses and DCC LAE for Arkansas shown on row 4c of Exhibit I reflect the actual settled paid losses and DCC LAE as of March 31, 2007 (row 4a), as well as an outstanding loss cost provision based on our countrywide loss development patterns adjusted to reflect an expected loss cost differential for Arkansas (row 4b). The adjustment to the loss cost provision is described in the following section of this memorandum. The use of both the countrywide development patterns and loss cost differential assumptions are required given the limited amount of Personal Umbrella Liability loss data at a state level to develop reasonable estimates of these costs in the future. The table below summarizes the components underlying our Estimated Ultimate Losses and DCC LAE:

Accident Year Ending	Arkansas Settled Losses as of 3/31/07	Countrywide Outstanding Loss Cost	Arkansas Earned Exposures	Adjusted Arkansas Outstanding Loss Provision*	Arkansas Estimated Losses and DCC LAE*
09/30/02	-	13.42	942.4	10,866	10,866
09/30/03	5,000	22.86	961.6	18,941	23,941
09/30/04	-	79.72	968.9	66,690	66,690
09/30/05	-	74.07	989.2	63,385	63,385
09/30/06	-	160.07	1,031.3	143,664	143,664

* AR EE x Countrywide O/S Loss Cost x AR Estimated PUL Loss Exposure Relativity (0.872); subsequently adjusted such that sum of all states' results balance to the countrywide result by accident year (approximate balancing factors are 0.985, 0.988, 0.990, 0.992 and 0.998 for accident years 2002 through 2006).

Adjustment to Reflect Expected Loss Cost Differential By State

Given the limited volume of claim activity for the Personal Umbrella Liability line of business, an alternative measure of the expected loss cost differential among states is required. The chosen surrogates for the expected state variation for the Personal Umbrella Liability auto exposure are excess Bodily Injury and Uninsured Motorists-BI frequency measures. These frequency measures reflect the number of claims in excess of \$50,000 for Private Passenger Automobile Bodily Injury and Uninsured Motorists risks with a "per claimant" limit of \$100,000 or greater. These frequency measures reflect settled claim activity for the five calendar years ending December 2006. The use of an excess frequency measure was selected to reduce most of the distortion that would be present using a ground-up measure with respect to the impact of no-fault

statutes that are applicable in some states. Given the excess nature of the Personal Umbrella Liability coverage relative to the auto exposure, the selection of an excess frequency is intuitive as well. Ideally, a measure reflecting higher excess layers would have been preferred; however, consideration of the corresponding credibility of this surrogate required a lower excess layer. Finally, the selection of Private Passenger Automobile Bodily Injury risks with “per claimant” limits of \$100,000 or higher should result in a set of risks that are fairly homogenous to those risks written under the Personal Umbrella Liability product with its 300/300 minimum Bodily Injury limits requirement.

Arkansas’s Bodily Injury and Uninsured Motorist-BI excess frequencies, their corresponding relative frequency to the countrywide result and the credibility assigned to these result are shown in the table at the end of this section (rows 2, 4, 5, 11, 12 and 13 display these figures). A full credibility standard of 1,082 claims was assumed, and the square root rule for partial credibility was selected. The “Credibility-Weighted Relativity” results (rows 6 and 14) - reflect the extent that each measure is credible; the remainder of credibility is assigned to the “Current Average Initial Auto Relativity” (row 1) or the “Current Average PUL Initial UMC Relativity” (row 9), respectively. These relativities are then adjusted to balance to 1.000 at the countrywide level. A cap of +/- 15 percent relative to the current initial auto relativity is then imposed resulting in the “Selected” Bodily Injury and Uninsured Motorists-BI excess frequency relativities (rows 7 and 15).

In order to determine how the countrywide outstanding loss cost should be distributed among the states as well as the portion that should relate to the uninsured motorists exposure, some reflection of the total auto exposure needs to be incorporated to reflect the actual number of vehicles covered, the number of youthful drivers present, the presence of the Uninsured Motorists Coverage endorsement, etc. The “Auto Exposure (Less UMBI) Relative to Initial Auto Charge” (row 17) reflects these additional auto exposures (excluding the uninsured motorists exposure) and was derived by extending the in-force policy information as of March 2007 by the relativities underlying the current charges for these additional exposures and then dividing this result by the Initial Auto Charge exposure. In a similar fashion, the “UM Exposure Relative to Initial Auto Charge” (row 18) was derived. In addition, manual adjustments were made in a few states to bring their current relativities in line with the current countrywide goal state relativities. The product of the “Current Average Initial Auto Relativity” (row 1), the “Selected Auto Relativity Change” (row 8), the “Auto (less UM) Exposure/Initial Auto” (row 17) and the state’s non-UM auto severity relativity yield the estimate of the non-UM PUL loss exposure relativity. Similarly, the product of the “Current Average Initial UM Relativity” (row 9), the “Selected UM Relativity Change” (row 16), the “UM Exposure/Initial Auto” (row 18) and the UM severity relativity of 1.333 yields the estimate of the UM PUL loss exposure relativity. The non-UM and UM PUL loss exposure relativities are then summed and then multiplied by 0.970 that represents the portion of PUL losses attributable to the auto exposure based on a closed claim study of settlements for fiscal accident years 2002 through 2006 ending September as of March 2007. The non-auto portion (0.030) is then added uniformly across all states to yield the Preliminary PUL Loss Exposure Relativity shown in Row 19. The resulting relativities are then adjusted to balance to 1.000 at the countrywide level (row 21).

The non-UM and UM severity relativities were used in this analysis to provide a more accurate measure of the PUL loss exposure. Given that the Type of Loss analysis suggests that YD and UM PUL severity averages 23.5 and 33.3 percent, respectively, higher than non-YD/UM auto PUL losses, it seemed appropriate to reflect these severity differences in the estimate of the PUL loss exposure based on the level of YD and UM exposure that exists in a state.

The “Adjustment to State’s Trended Permissible Loss & DCC LAE Ratio” reflects the change between the Arkansas’s “PUL Loss Cost Differential” based on the above excess frequencies measures and the similarly constructed relativity reflecting the “Current Average Initial Auto Relativity” and “Current Average Initial UMC Relativity.” The resulting adjustment reflects the extent that current Personal Umbrella Liability rate levels need to be adjusted to reflect the individual states’ expected departure from the countrywide assumption as it pertains the Trended Permissible Loss & DCC LAE Ratio.

Estimated Outstanding Loss Cost and Trended Permissible Adjustments		
1	AR Current Average PUL Initial Auto Relativity	0.672
2	AR BI Excess Frequency (per 1,000)	0.500
3	Countrywide BI Excess Frequency (per 1,000)	0.612
4	AR BI Excess Frequency Relativity	0.817
5	Credibility Assigned to AR BI Excess Frequency Relativity	0.20
6	AR Credibility-Weighted BI Excess Frequency Relativity	0.705
7	AR Selected BI Excess Frequency Relativity	0.705
8	AR Selected Auto Relativity Change	4.9%
9	AR Current Average PUL Initial UMC Relativity	0.644
10	AR UMBI Excess Frequency (per 1,000)	0.337
11	Countrywide UMBI Excess Frequency (per 1,000)	0.310
12	AR UMBI Excess Frequency Relativity	1.087
13	Credibility Assigned to AR UMBI Excess Frequency Relativity	0.12
14	AR Credibility-Weighted UMBI Excess Frequency Relativity	0.663
15	AR Selected UMBI Excess Frequency Relativity	0.663
16	AR Selected UMC Relativity Change	3.0%
17	AR PUL Auto (Less UMBI) Exposure Relative to Initial Auto Charge	2.752
18	AR PUL UM Exposure Relative to Initial Auto Charge	0.664
19	AR PUL Exposure Relative to Initial Auto Charge (Excess Frequency Base) #	2.521
20	Countrywide PUL Exposure Relative to Initial Auto Charge (Excess Freq Base)	2.890
21	Estimated AR PUL Loss Cost Differential - Excess Freq Base (2.521 / 2.890)	0.872
22	AR PUL Exposure Relative to Initial Auto Charge (Curr Initial Auto Charge Base) ##	2.239
23	Countrywide PUL Exposure Relative to Initial Auto Charge (Curr Initial Auto Charge Base)	2.748
24	AR PUL Loss Cost Differential (Current Initial Auto Charge Base) (2.239 / 2.748)	0.815
25	AR Trended Permissible Loss and ALAE Adjustment (0.872 / 0.815)	1.070
	# 2.521 = (((2.752 x 0.672 x 1.049 x 1.021) + (0.664 x 0.644 x 1.030 x 1.333)) x 0.970) + 0.030	
	## 2.239 = (((2.752 x 0.672) + (0.664 x 0.644)) x 0.970) + 0.030	

Loss Cost Trends

Exhibit VI displays the four-, eight- and twelve-quarter ending calendar year results for average paid cost, incurred frequency and adjusted loss cost. Based on the twelve-quarter ending adjusted loss cost annual trend results displayed on this exhibit, a 7.0 percent loss cost retrospective and prospective loss cost trend was selected for this review. This selection contemplates an annual average frequency of 4.0 to 6.0 percent and a corresponding annual severity increase of 1.0 to 3.0 percent.

Based on these trends, a set of retrospective loss cost projection factors and prospective loss cost projection factors were derived. The retrospective trend applies from the mid-point of each experience year to the mid-point of the most recent experience year (April 1, 2006). The prospective trend applies from the mid-point of the most recent experience year to the average date of loss of January 1, 2009 (one year beyond the effective date of January 1, 2008). The following table shows both sets of loss cost projection factors and their product:

Year Ending	Retrospective Loss Cost Projection Factor	Prospective Loss Cost Projection Factor	Loss Cost Projection Factor
09/30/02	1.311	1.205	1.580
09/30/03	1.225	1.205	1.477
09/30/04	1.145	1.205	1.380
09/30/05	1.070	1.205	1.290
09/30/06	1.000	1.205	1.205

The Loss Cost Projection Factors were applied to the Estimated Ultimate Losses and DCC LAE to derive the Projected Estimated Ultimate Losses and DCC LAE. The Projected Loss and DCC LAE Ratio is displayed on Exhibit I, row 7.

Experience Year Weights and Credibility Assigned to Experience

Experience year weights are not assigned to the individual experience years for this line of business. Credibility is assigned based on the number of Arkansas earned exposures present for each fiscal year. The complement of credibility is assigned to the Trended Permissible Loss and DCC LAE Ratio shown on Exhibit I, row 10; as previously described in this memo, this ratio has been adjusted to impute an alternative assessment of the rate adequacy underlying the existing rates. The Credibility-Weighted Loss and DCC LAE Ratio is then obtained, and this ratio is then multiplied by the Projected Current Level Earned Premium to derive the Credibility-Weighted Losses and DCC LAE shown on Exhibit I, row 12.

Projected Fixed Expenses

To develop the provision for fixed expenses, a 3-year average ratio of general, other acquisition and adjusting and other loss adjustment expense (A&O LAE) to earned premium was determined for Arkansas. The fixed expense provisions used in this analysis were as follows: 23.3% percent for General and Other Acquisition and 1.8% percent for A&O LAE.

The selected expense provision for general and other acquisition was multiplied by the historical earned premium to derive an estimate of the historical level of these expenses; this result is shown on Exhibit I, row 13. Similarly, an estimate for the historical adjusting and other loss adjustment expenses was derived and is shown on row 14.

A selected fixed expense trend of 3.1 percent is assumed and the resulting Fixed Expense Projection Factors are shown on Exhibit I, row 15. The fixed expense trend is applied from the mid-point of each experience year to the average date of premium earning (January 1, 2009). The Fixed Expense Projection Factors are then applied to the Estimated General and Other Acquisition and Estimated Adjusting and Other Loss Adjustment Expenses yielding their respected projected estimated Exhibit I, rows 16 and 17. The sum of these projected expenses is shown as Projected Total Fixed Expenses.

Rate Level Indication

The Credibility-Weighted Losses and DCC LAE on row 12 and the Projected Total Fixed Expenses on row 18 are summed and displayed on row 19. Dividing this result by the Permissible Loss and Fixed Expense Ratio (see below) determines the Required Premium Exhibit I, row 21. The resulting Credibility-Weighted Indicated Rate Level Change on row 22 is an increase of 1.6 percent. For this rate revision, the filed changes are expected to generate a rate level increase of 1.6 percent.

Exhibit VII is the companies' Financial Needs Model, which demonstrates the appropriateness of an 5.0 percent loading for underwriting profit, considering investments from all sources.

Based on the variable expense provisions assumed and the required underwriting profit provision, the following Permissible Loss, DCC LAE and Fixed Expense Ratio is determined:

Permissible Loss, DCC LAE and Fixed Expense Ratio: 80.60 %

(100.0% - 5.0% Profit Provision – 12.6 % Commission Provision – 2.5 % Tax Provision + 0.7 %
Fee Income/Write-Off Allowance)

Revisions to Personal Umbrella Liability Charges

Personal Liability/Residences Exposure Charge

We are revising the Initial Residence premium for Personal Liability Residence Exposure Charges based on the following rate development:

Rate Component	Provision
a. Projected Fixed Expenses Per Policy (303,357 / 4,893.4):	61.99
b. Personal Liability Loss Cost Per Policy (\$159.03 x 1.02%):	1.62
c. Sub-Total (a.+ b.)	63.61
d. Adjustment for Variable Expenses and Profit (c. / 80.60%):	78.92
e. Average Personal Injury Credit/Underlying Personal Liability Credit:	0.970
f. Indicated Initial Residence Charge (d. / e.):	81.40
g. Selected Initial Residence Charge:	81.40

The revised Initial Residence Charge is shown on draft manual page PUL-6.

Auto Liability Charge Revisions

Based on a recent closed-claim analysis of our Personal Umbrella Liability losses by “type of loss” displayed below, revisions to the youthful driver and uninsured motorist charge relativities are warranted:

PUL Type of Loss Analysis					
	Settled Losses		Settled Counts	Current Premium	Revised Premium
	Uncapped	Cap \$1M			
Auto	51.4 %	49.5%	49.3 %	59.1 %	58.2 %
Auto – YD	25.3 %	26.1%	21.0 %	16.4 %	17.8 %
Auto – UMC	20.6 %	21.4%	15.9 %	16.3 %	19.2 %
Personal Liability	0.7 %	0.8%	2.9 %	6.3 %	2.9 %
Personal Injury	0.2 %	0.3%	8.7 %	*	*
Watercraft	1.8 %	2.0%	2.2 %	2.0 %	2.0 %
Total	100.0 %	100.00%	100.0 %	100.0 %	100.0 %

* HO PI included with Homeowners premium.

Youthful Driver Relativities

In light of the above results, the following revisions to our youthful drivers relativities are being revised to better align our premium distribution for these exposures to our loss distribution.

Youthful Driver PUL Charge Relative to Initial Auto Charge		
Youthful Driver Age	Current	Revised
< 21	2.10	2.40
21 – 24	1.25	1.45

Uninsured Motorists Relativities

In addition, the underlying relativities for Uninsured Motorists coverage are being revised as follows:

PUL Charge Relative to Initial Auto Charge		
	Current	Revised
Initial Uninsured Motorist Charge	0.75	0.91
Each Additional Uninsured Motorists Charge	0.60	0.73

The various Auto Charges were developed in a manner that reflects the other revisions referenced above and that balance to the Selected Rate Level Change displayed on Exhibit I.

The revised Automobile Exposure charges are shown on draft manual page PUL-6 (Insert PUL-6).

Exhibits Table of Contents

Calculation of Indicated Rate-Level Change	Exhibit I
Loss and Defense & Cost Containment Loss Adjustment Expense Development Pattern	Exhibit II
Original Claim Count Development Pattern	Exhibit III
Incurred Frequency Development Pattern	Exhibit IV
Disposal Ratio Adjustment	Exhibit V
Trends Analysis	Exhibit VI
Underwriting Profit Provision Support	Exhibit VII

Exhibit I

**Arkansas - Personal Umbrella Liability
 Nationwide Mutual and Nationwide Property & Casualty Insurance Companies
 Calculation of Indicated Rate-Level Change Assumed Effective January 01, 2008**

Fiscal Accident Year Ending	09/30/02	09/30/03	09/30/04	09/30/05	09/30/06	5-Year
Premium						
1. Current Level Earned Premium	264,829	270,969	274,283	281,212	292,701	1,383,994
2. Premium Projection Factor	1.000	1.000	1.000	1.000	1.000	
3. Projected Current Level Earned Premium = (1) × (2)	264,829	270,969	274,283	281,212	292,701	1,383,994
Experience Losses and ALAE						
4a. Net Settled Losses and DCC LAE	-	5,000	-	-	-	5,000
4b. Estimated Outstanding Losses and DCC LAE	10,866	18,941	66,690	63,385	143,664	303,546
4c. Estimated Ultimate Losses and DCC LAE (4a. + 4b.)	10,866	23,941	66,690	63,385	143,664	308,546
5. Loss Projection Factor	1.580	1.477	1.380	1.290	1.205	
6. Projected Estimated Ultimate Losses and DCC LAE = (4) × (5)	17,168	35,361	92,032	81,767	173,115	399,443
7. Projected Loss and ALAE Ratio = (6) ÷ (3)	6.5%	13.0%	33.6%	29.1%	59.1%	28.9%
8. Experience Year Weights Used Above						
9. Credibility Assigned to Experience	2%	2%	2%	2%	2%	5%
10. Adjusted Trended Permissible Loss and DCC LAE Ratio	61.6%	61.6%	61.6%	61.6%	61.6%	61.6%
11. Credibility-Weighted Loss and DCC LAE Ratio = (9) × (7) + [1 - (9)] × (10)	60.5%	60.6%	61.0%	60.9%	61.6%	60.0%
12. Credibility-Weighted Losses and DCC LAE = (3) × (11)	160,222	164,207	167,313	171,258	180,304	830,396
Fixed Expenses						
13. Estimated General and Other Acquisition Expenses	39,759	42,979	48,087	52,756	61,330	244,911
14. Estimated Adjusting & Other Loss Adjustment Expenses	3,071	3,320	3,715	4,076	4,738	18,920
15. Fixed Expense Projection Factor	1.229	1.192	1.156	1.122	1.088	
16. Projected General and Other Acquisition Expenses = (13) × (15)	48,864	51,231	55,589	59,192	66,727	281,603
17. Projected Adjusting & Other Loss Adjustment Expenses = (14) × (15)	3,774	3,957	4,295	4,573	5,155	21,754
18. Projected Total Fixed Expenses = (16) + (17)	52,638	55,188	59,884	63,765	71,882	303,357
Indication						
19. Credibility-Weighted Losses, DCC LAE and Fixed Expenses = (12) + (18)	212,860	219,395	227,197	235,023	252,186	1,133,753
20. Permissible Loss and Fixed Expense Ratio	80.60%	80.60%	80.60%	80.60%	80.60%	80.60%
21. Required Premium = (19) ÷ (20)	264,094	272,202	281,882	291,592	312,886	1,406,641
22. Credibility-Weighted Indicated Rate Level Change = (21) ÷ (3) - 1	-0.3%	0.5%	2.8%	3.7%	6.9%	1.6%
23. Selected Rate Level Change						1.6%

Countrywide - Personal Umbrella Liability
Nationwide Mutual and Property & Casualty Insurance Companies

Net Settled Losses and Defense & Cost Containment Loss Adjustment Expense

Accident Year Ending September as of March 31, 2007

Accident Year	@ 18 Mos.	@ 30 Mos.	@ 42 Mos.	@ 54 Mos.	@ 66 Mos.	@ 78 Mos.	@ 90 Mos.	@ 102 Mos.	@ 114 Mos.	@ 126 Mos.	@ 138 Mos.	@ 150 Mos.
1991	0	37,000	37,000	737,023	2,313,689	2,819,674	2,819,674	2,819,674	2,819,674	2,819,674	2,819,674	2,819,674
1992	497	1,700,497	2,700,497	2,871,497	2,871,497	2,872,471	3,872,471	3,872,471	3,872,471	3,872,471	3,872,471	4,372,471
1993	18,171	3,475,719	3,515,685	4,043,302	4,185,818	4,804,395	4,819,452	4,838,584	4,839,447	7,947,247	7,948,759	8,108,218
1994	1,955	2,923,721	4,140,168	5,108,877	5,673,324	6,452,194	6,458,853	6,653,853	6,653,853	6,653,853	6,653,853	6,653,853
1995	1,462,876	2,374,321	5,788,301	8,940,751	10,036,396	10,116,145	10,116,145	10,856,770	10,933,034	10,958,885	10,968,299	10,968,299
1996	505,692	4,755,634	7,837,698	9,310,022	10,101,986	10,920,498	11,210,498	11,210,498	11,210,486	11,210,473	11,210,473	
1997	831,701	5,472,464	11,176,433	14,150,384	14,240,434	15,068,819	15,623,749	15,625,718	15,825,718	15,825,718		
1998	3,984,656	7,666,386	9,088,318	11,292,427	12,025,917	12,527,127	14,808,462	15,008,462	15,008,462			
1999	2,164,864	7,073,375	9,825,263	13,590,753	13,917,837	15,274,685	15,439,464	15,455,047				
2000	8,323,560	14,755,751	20,742,982	26,941,714	29,263,339	29,698,855	30,080,616					
2001	1,996,640	5,845,211	10,078,063	15,491,133	20,357,354	20,451,909						
2002	1,196,662	7,241,823	11,233,406	15,795,440	18,224,862							
2003	6,130,770	13,403,369	22,514,045	27,412,425								
2004	6,211,306	17,991,073	24,573,618									
2005	5,536,012	13,000,094										
2006	3,777,822											
	<u>18 - 30</u>	<u>30 - 42</u>	<u>42 - 54</u>	<u>54 - 66</u>	<u>66 - 78</u>	<u>78 - 90</u>	<u>90 - 102</u>	<u>102 - 114</u>	<u>114 - 126</u>	<u>126 - 138</u>	<u>138 - 150</u>	<u>150 - -Ult</u>
2 Yr Age-Age	2.6381	1.4999	1.2803	1.2332	1.0107	1.0122	1.0071	1.0065	1.0000	1.0004	1.0000	1.0000
2 Yr Age-Ult	6.4810	2.4567	1.6379	1.2793	1.0374	1.0264	1.0140	1.0069	1.0004	1.0004	1.0000	1.0000
3 Yr Age-Age	2.4832	1.5095	1.3394	1.1652	1.0297	1.0492	1.0047	1.0048	1.0007	1.0003	1.0062	1.0000
3 Yr Age-Ult	6.4263	2.5879	1.7144	1.2800	1.0985	1.0668	1.0168	1.0120	1.0072	1.0065	1.0062	1.0000
4 Yr Age-Age	2.7071	1.5377	1.3264	1.1385	1.0316	1.0466	1.0038	1.0052	1.0006	1.0003	1.0224	1.0000
4 Yr Age-Ult	7.0071	2.5884	1.6833	1.2691	1.1147	1.0806	1.0325	1.0286	1.0233	1.0227	1.0224	1.0000
Select Age-Age	2.7071	1.5377	1.3264	1.1385	1.0316	1.0466	1.0038	1.0052	1.0006	1.0003	1.0149	1.0000
Select Age-Ult	6.9572	2.5700	1.6713	1.2600	1.1067	1.0728	1.0250	1.0211	1.0158	1.0152	1.0149	1.0000
Disposal & Severity Adjusted (Exhibit V, Page 2)												
Select Age-Ult	9.1803	2.1617	1.6018	1.1723	1.1386	1.0005	1.0154	1.1174	1.0131	1.0000	1.0000	1.0000

Countrywide - Personal Umbrella Liability
Nationwide Mutual and Property & Casualty Insurance Companies

Paid Losses and Defense & Cost Containment Loss Adjustment Expense

Accident Year	Accident Year Ending September as of March 31, 2007											
	@ 18 Mos.	@ 30 Mos.	@ 42 Mos.	@ 54 Mos.	@ 66 Mos.	@ 78 Mos.	@ 90 Mos.	@ 102 Mos.	@ 114 Mos.	@ 126 Mos.	@ 138 Mos.	@ 150 Mos.
1991	0	37,000	37,000	2,317,023	2,313,689	2,819,674	2,819,674	2,819,674	2,819,674	2,819,674	2,819,674	2,819,674
1992	1,700,497	1,700,497	2,700,497	3,871,497	3,871,497	3,872,471	3,872,471	3,872,471	3,872,471	3,872,471	3,872,471	4,372,471
1993	18,171	3,480,719	3,515,685	4,043,302	4,793,140	4,804,395	4,819,452	5,881,584	5,882,447	7,947,247	7,948,759	8,108,218
1994	1,955	2,923,721	4,580,171	5,368,880	6,237,624	6,452,194	6,458,853	6,653,853	6,653,853	6,653,853	6,653,853	6,653,853
1995	1,462,876	3,543,865	7,267,498	9,590,751	10,761,396	10,841,145	10,841,145	10,856,770	10,933,034	10,958,885	10,968,299	10,968,299
1996	505,692	5,784,828	7,837,698	9,310,022	10,101,986	10,920,498	11,210,498	11,210,498	11,210,486	11,210,473	11,210,473	
1997	2,431,701	6,205,988	12,467,069	14,190,384	14,340,434	15,268,819	15,623,749	15,625,718	15,825,718	15,825,718		
1998	4,152,396	7,834,126	10,056,058	12,092,427	12,825,917	13,052,127	14,808,462	15,008,462	15,014,666			
1999	2,575,432	7,666,876	10,665,263	13,590,753	13,942,837	15,274,685	15,439,464	15,455,047				
2000	8,723,560	15,116,301	20,748,982	26,948,714	29,263,339	29,698,855	30,080,616					
2001	1,996,640	6,145,211	11,278,063	15,958,887	20,382,354	20,451,909						
2002	1,396,662	8,204,323	12,595,968	15,805,441	18,224,862							
2003	6,668,270	14,950,869	25,010,766	27,866,859								
2004	6,511,306	19,416,073	25,920,943									
2005	6,542,012	13,036,094										
2006	4,286,822											
	<u>18 - 30</u>	<u>30 - 42</u>	<u>42 - 54</u>	<u>54 - 66</u>	<u>66 - 78</u>	<u>78 - 90</u>	<u>90 - 102</u>	<u>102 - 114</u>	<u>114 - 126</u>	<u>126 - 138</u>	<u>138 - 150</u>	<u>150 - -Ult</u>
2 Yr Age-Age	2.4861	1.4820	1.1613	1.2154	1.0102	1.0122	1.0071	1.0067	1.0000	1.0004	1.0000	1.0000
2 Yr Age-Ult	5.3936	2.1695	1.4639	1.2606	1.0372	1.0267	1.0143	1.0071	1.0004	1.0004	1.0000	1.0000
3 Yr Age-Age	2.4036	1.4923	1.2198	1.1560	1.0289	1.0397	1.0047	1.0049	1.0007	1.0003	1.0062	1.0000
3 Yr Age-Ult	5.5023	2.2892	1.5340	1.2576	1.0879	1.0573	1.0169	1.0121	1.0072	1.0065	1.0062	1.0000
4 Yr Age-Age	2.6331	1.5355	1.2434	1.1315	1.0270	1.0363	1.0038	1.0054	1.0006	1.0003	1.0224	1.0000
4 Yr Age-Ult	6.2518	2.3743	1.5463	1.2436	1.0991	1.0702	1.0327	1.0288	1.0233	1.0227	1.0224	1.0000

Countrywide - Personal Umbrella Liability
Nationwide Mutual and Property & Casualty Insurance Companies

Incurred Losses and Defense & Cost Containment Loss Adjustment Expense

Accident Year Ending September as of March 31, 2007

Accident Year	@ 18 Mos.	@ 30 Mos.	@ 42 Mos.	@ 54 Mos.	@ 66 Mos.	@ 78 Mos.	@ 90 Mos.	@ 102 Mos.	@ 114 Mos.	@ 126 Mos.	@ 138 Mos.	@ 150 Mos.
1991	510,500	1,439,500	1,612,000	2,477,856	2,313,689	2,819,674	2,819,674	2,819,674	2,819,674	2,819,674	2,819,674	2,819,674
1992	3,155,497	2,917,497	4,151,497	4,003,198	4,003,598	4,005,972	3,876,471	3,873,471	3,873,471	3,873,471	3,873,471	4,372,471
1993	602,671	3,855,719	4,319,686	4,553,303	4,804,141	4,814,395	4,834,452	5,947,584	5,939,447	7,947,247	7,948,759	8,108,218
1994	3,030,455	6,748,721	6,313,169	5,763,878	6,546,327	6,497,194	6,458,853	6,653,853	6,653,853	6,653,853	6,653,853	6,653,853
1995	4,120,977	5,865,366	9,549,116	10,734,255	11,022,397	10,956,146	10,951,146	10,856,770	11,033,034	11,058,885	10,968,299	10,968,299
1996	1,261,792	7,121,831	9,913,199	10,289,623	10,314,086	11,075,498	11,215,498	11,210,498	11,210,488	11,210,473	11,210,473	
1997	6,396,701	10,671,009	16,198,923	15,141,385	15,116,435	15,278,820	15,623,749	15,631,718	15,825,718	15,825,718		
1998	10,413,892	9,704,827	12,573,159	12,510,429	13,583,918	13,403,127	14,808,462	15,158,463	15,158,463			
1999	7,427,374	11,533,976	12,324,263	13,629,253	14,446,338	15,354,185	15,541,964	15,557,547				
2000	19,437,259	20,479,553	25,043,007	28,070,215	29,786,378	29,965,894	30,093,116					
2001	5,737,549	10,743,016	13,648,770	17,675,495	20,538,855	20,556,910						
2002	8,439,368	11,180,928	16,735,412	18,932,947	18,631,862							
2003	19,042,526	23,992,973	29,144,091	31,528,864								
2004	29,480,816	34,684,589	36,676,632									
2005	14,966,233	20,192,708										
2006	17,314,832											
	<u>18 - 30</u>	<u>30 - 42</u>	<u>42 - 54</u>	<u>54 - 66</u>	<u>66 - 78</u>	<u>78 - 90</u>	<u>90 - 102</u>	<u>102 - 114</u>	<u>114 - 126</u>	<u>126 - 138</u>	<u>138 - 150</u>	<u>150 - -Ult</u>
2 Yr Age-Age	1.2347	1.1217	1.0999	1.0700	1.0039	1.0070	1.0120	1.0063	1.0000	0.9959	1.0000	1.0000
2 Yr Age-Ult	1.6713	1.3536	1.2067	1.0971	1.0253	1.0213	1.0142	1.0022	0.9959	0.9959	1.0000	1.0000
3 Yr Age-Age	1.2423	1.1818	1.1446	1.0661	1.0171	1.0293	1.0081	1.0046	1.0007	0.9969	1.0062	1.0000
3 Yr Age-Ult	1.9068	1.5349	1.2988	1.1347	1.0643	1.0464	1.0166	1.0084	1.0038	1.0031	1.0062	1.0000
4 Yr Age-Age	1.2519	1.1936	1.1376	1.0651	1.0118	1.0279	1.0064	1.0070	1.0006	0.9976	1.0224	1.0000
4 Yr Age-Ult	1.9473	1.5555	1.3032	1.1456	1.0756	1.0631	1.0342	1.0276	1.0205	1.0199	1.0224	1.0000

Countrywide - Personal Umbrella Liability
Nationwide Mutual and Property & Casualty Insurance Companies

Original Paid (Settled) Claim Counts (Excluding Closed without Payment Counts)

		Accident Year Ending September as of March 31, 2007											
Accident	Year	<u>@ 18 Mos.</u>	<u>@ 30 Mos.</u>	<u>@ 42 Mos.</u>	<u>@ 54 Mos.</u>	<u>@ 66 Mos.</u>	<u>@ 78 Mos.</u>	<u>@ 90 Mos.</u>	<u>@ 102 Mos.</u>	<u>@ 114 Mos.</u>	<u>@ 126 Mos.</u>	<u>@ 138 Mos.</u>	<u>@ 150 Mos.</u>
	1991	0	2	2	3	4	4	4	4	4	4	4	4
	1992	0	2	3	5	5	5	6	6	6	6	6	7
	1993	0	5	6	7	9	10	11	11	11	12	12	13
	1994	0	7	9	14	17	21	22	23	23	23	23	23
	1995	4	8	15	25	30	31	31	32	32	32	32	32
	1996	2	12	20	24	26	27	28	28	28	28	28	28
	1997	5	12	23	30	34	37	40	40	41	41		
	1998	6	15	22	27	30	30	34	35	35			
	1999	6	18	22	34	35	39	40	40				
	2000	14	27	41	59	64	67	69					
	2001	5	11	30	38	49	51						
	2002	4	17	28	35	44							
	2003	9	23	39	55								
	2004	7	19	33									
	2005	10	26										
	2006	3											
		<u>18 - 30</u>	<u>30 - 42</u>	<u>42 - 54</u>	<u>54 - 66</u>	<u>66 - 78</u>	<u>78 - 90</u>	<u>90 - 102</u>	<u>102 - 114</u>	<u>114 - 126</u>	<u>126 - 138</u>	<u>138 - 150</u>	<u>150 - -Ult</u>
2 Yr Age-Age		2.6471	1.7143	1.3433	1.2740	1.0442	1.0283	1.0135	1.0133	1.0000	1.0000	1.0000	1.0000
2 Yr Age-Ult		8.5644	3.2354	1.8873	1.4050	1.1028	1.0561	1.0270	1.0133	1.0000	1.0000	1.0000	1.0000
3 Yr Age-Age		2.6154	1.6949	1.3196	1.1894	1.0608	1.0515	1.0088	1.0097	1.0000	1.0000	1.0149	1.0000
3 Yr Age-Ult		8.0222	3.0673	1.8097	1.3714	1.1530	1.0869	1.0337	1.0247	1.0149	1.0149	1.0149	1.0000
4 Yr Age-Age		2.8333	1.8571	1.3551	1.1566	1.0506	1.0578	1.0070	1.0074	1.0000	1.0000	1.0274	1.0000
4 Yr Age-Ult		9.5516	3.3712	1.8153	1.3396	1.1582	1.1024	1.0422	1.0350	1.0274	1.0274	1.0274	1.0000

Countrywide - Personal Umbrella Liability
Nationwide Mutual and Property & Casualty Insurance Companies

Original Incurred Claim Counts (Excluding Closed without Payment Counts)

		Accident Year Ending September as of March 31, 2007											
Accident	Year	<u>@ 18 Mos.</u>	<u>@ 30 Mos.</u>	<u>@ 42 Mos.</u>	<u>@ 54 Mos.</u>	<u>@ 66 Mos.</u>	<u>@ 78 Mos.</u>	<u>@ 90 Mos.</u>	<u>@ 102 Mos.</u>	<u>@ 114 Mos.</u>	<u>@ 126 Mos.</u>	<u>@ 138 Mos.</u>	<u>@ 150 Mos.</u>
	1991	5	7	6	4	4	4	4	4	4	4	4	4
	1992	7	8	6	8	7	6	7	7	7	7	7	7
	1993	16	11	11	11	13	12	14	13	12	12	12	13
	1994	11	16	19	21	24	23	22	23	23	23	23	23
	1995	21	23	29	33	33	32	32	32	33	33	32	32
	1996	11	27	30	33	33	29	29	28	29	28	28	
	1997	25	31	38	39	40	40	40	41	41	41		
	1998	24	29	32	34	36	35	34	36	36			
	1999	30	37	39	38	38	43	43	44				
	2000	46	50	60	68	68	68	70					
	2001	31	39	52	52	54	52						
	2002	34	38	47	50	50							
	2003	49	60	67	68								
	2004	46	66	65									
	2005	42	57										
	2006	44											
		<u>18 - 30</u>	<u>30 - 42</u>	<u>42 - 54</u>	<u>54 - 66</u>	<u>66 - 78</u>	<u>78 - 90</u>	<u>90 - 102</u>	<u>102 - 114</u>	<u>114 - 126</u>	<u>126 - 138</u>	<u>138 - 150</u>	<u>150 - -Ult</u>
2 Yr Age-Age		1.3977	1.0476	1.0351	1.0196	0.9836	1.0180	1.0390	1.0000	0.9857	0.9836	1.0000	1.0000
2 Yr Age-Ult		1.5587	1.1152	1.0645	1.0284	1.0086	1.0254	1.0073	0.9695	0.9695	0.9836	1.0000	1.0000
3 Yr Age-Age		1.3358	1.0915	1.0241	1.0118	1.0188	1.0068	1.0342	1.0095	0.9903	0.9881	1.0149	1.0000
3 Yr Age-Ult		1.6066	1.2027	1.1019	1.0760	1.0635	1.0439	1.0368	1.0025	0.9931	1.0028	1.0149	1.0000
4 Yr Age-Age		1.2924	1.1379	1.0531	1.0096	1.0102	1.0054	1.0205	1.0146	0.9921	0.9896	1.0135	1.0000
4 Yr Age-Ult		1.6362	1.2660	1.1126	1.0565	1.0465	1.0359	1.0303	1.0096	0.9951	1.0030	1.0135	1.0000

Exhibit IV

**Countrywide - Personal Umbrella Liability
Nationwide Mutual and Property & Casualty Insurance Companies**

Incurred Frequency (Per 1,000 Earned Exposures)

		Accident Year Ending September as of March 31, 2007										
Accident Year	<u>@ 18 Mos.</u>	<u>@ 30 Mos.</u>	<u>@ 42 Mos.</u>	<u>@ 54 Mos.</u>	<u>@ 66 Mos.</u>	<u>@ 78 Mos.</u>	<u>@ 90 Mos.</u>	<u>@ 102 Mos.</u>	<u>@ 114 Mos.</u>	<u>@ 126 Mos.</u>	<u>@ 138 Mos.</u>	<u>@ 150 Mos.</u>
1991												
1992												
1993	0.222	0.153	0.153	0.153	0.181	0.167	0.195	0.181	0.167	0.167	0.167	0.181
1994	0.120	0.175	0.208	0.230	0.263	0.252	0.241	0.252	0.252	0.252	0.252	0.252
1995	0.188	0.206	0.259	0.295	0.295	0.286	0.286	0.286	0.295	0.295	0.286	0.286
1996	0.083	0.204	0.227	0.250	0.250	0.220	0.220	0.212	0.220	0.212	0.212	
1997	0.166	0.206	0.252	0.259	0.266	0.266	0.266	0.272	0.272	0.272		
1998	0.145	0.175	0.193	0.205	0.217	0.211	0.205	0.217	0.217			
1999	0.170	0.209	0.220	0.215	0.215	0.243	0.243	0.249				
2000	0.248	0.270	0.324	0.367	0.367	0.367	0.378					
2001	0.161	0.203	0.271	0.271	0.281	0.271						
2002	0.178	0.199	0.246	0.262	0.262							
2003	0.258	0.316	0.353	0.358								
2004	0.245	0.351	0.346									
2005	0.221	0.299										
2006	0.225											
	<u>18 - 30</u>	<u>30 - 42</u>	<u>42 - 54</u>	<u>54 - 66</u>	<u>66 - 78</u>	<u>78 - 90</u>	<u>90 - 102</u>	<u>102 - 114</u>	<u>114 - 126</u>	<u>126 - 138</u>	<u>138 - 150</u>	<u>150 - -Ult</u>
2 Yr Age-Age	0.093	0.016	0.010	0.005	-0.005	0.005	0.009	0.000	-0.004	-0.004	0.000	0.000
2 Yr Age-Ult	0.125	0.032	0.016	0.006	0.001	0.006	0.001	-0.008	-0.008	-0.004	0.000	0.000
3 Yr Age-Age	0.081	0.026	0.007	0.003	0.006	0.002	0.008	0.003	-0.003	-0.003	0.005	0.000
3 Yr Age-Ult	0.135	0.054	0.028	0.021	0.018	0.012	0.010	0.002	-0.001	0.002	0.005	0.000
4 Yr Age-Age	0.066	0.037	0.016	0.003	0.003	0.001	0.004	0.004	-0.002	-0.002	0.005	0.000
4 Yr Age-Ult	0.135	0.069	0.032	0.016	0.013	0.010	0.009	0.005	0.001	0.003	0.005	0.000
Select Age-Age	0.066	0.037	0.016	0.003	0.003	0.001	0.004	0.004	-0.002	-0.002	0.000	0.000
Select Age-Ult	0.130	0.064	0.027	0.011	0.008	0.005	0.004	0.000	-0.004	-0.002	0.000	0.000
Est Ultimate Frequency	0.355	0.363	0.373	0.369	0.270	0.276	0.382	0.249	0.213	0.270	0.212	0.286

Countrywide - Personal Umbrella Liability
Nationwide Mutual and Property & Casualty Insurance Companies

Disposal Ratio (Original Paid Claim Counts / Estimated Ultimate Claim Counts)

Accident Year Ending September as of March 31, 2007

Accident Year	@ 18 Mos.	@ 30 Mos.	@ 42 Mos.	@ 54 Mos.	@ 66 Mos.	@ 78 Mos.	@ 90 Mos.	@ 102 Mos.	@ 114 Mos.	@ 126 Mos.	@ 138 Mos.	@ 150 Mos.
1991	0.00%	50.00%	50.00%	75.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
1992	0.00%	28.57%	42.86%	71.43%	71.43%	71.43%	85.71%	85.71%	85.71%	85.71%	85.71%	100.00%
1993	0.00%	38.46%	46.15%	53.85%	69.23%	76.92%	84.62%	84.62%	84.62%	92.31%	92.31%	100.00%
1994	0.00%	30.43%	39.13%	60.87%	73.91%	91.30%	95.65%	100.00%	100.00%	100.00%	100.00%	100.00%
1995	12.50%	25.00%	46.88%	78.13%	93.75%	96.88%	96.88%	100.00%	100.00%	100.00%	100.00%	100.00%
1996	7.14%	42.86%	71.43%	85.71%	92.86%	96.43%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
1997	12.20%	29.27%	56.10%	73.17%	82.93%	90.24%	97.56%	97.56%	100.00%	100.00%		
1998	17.14%	42.86%	62.86%	77.14%	85.71%	85.71%	97.14%	100.00%	100.00%			
1999	13.64%	40.91%	50.00%	77.27%	79.55%	88.64%	90.91%	90.91%				
2000	19.72%	38.03%	57.75%	83.10%	90.14%	94.37%	97.18%					
2001	9.43%	20.75%	56.60%	71.70%	92.45%	96.23%						
2002	7.69%	32.69%	53.85%	67.31%	84.62%							
2003	12.86%	32.86%	55.71%	78.57%								
2004	10.00%	27.14%	47.14%									
2005	14.49%	37.68%										
2006	4.35%											
Averages Disposal Ratio (Excluding Most Recent Diagonal's Disposal Ratio)												
2 Yr Average	12.25%	30.00%	54.78%	69.50%	91.30%	91.50%	94.03%	98.78%	100.00%	100.00%	100.00%	100.00%
3 Yr Average	12.45%	30.90%	55.39%	74.03%	87.38%	89.57%	95.20%	99.19%	100.00%	100.00%	97.44%	100.00%
4 Yr Average	11.26%	28.36%	55.98%	74.84%	86.96%	89.74%	96.40%	99.39%	100.00%	98.08%	94.51%	100.00%
Disposal Adjustment Factors (Most Recent Diagonal's Disposal Ratio / Average Disposal Ratio)												
2 Yr Average	2.8175	0.7962	1.1620	0.8845	1.0790	0.9509	0.9676	1.0866	1.0000	1.0000	1.0000	1.0000
3 Yr Average	2.8635	0.8200	1.1749	0.9422	1.0327	0.9308	0.9796	1.0911	1.0000	1.0000	0.9744	1.0000
4 Yr Average	2.5898	0.7526	1.1875	0.9525	1.0277	0.9326	0.9919	1.0933	1.0000	0.9808	0.9451	1.0000
Disposal Adjusted Age-to-Ultimate Factors (Net Settled Losses Age-Ult Factors x Disposal Adjustment Factors)												
2 Yr Average	18.2602	1.9560	1.9032	1.1315	1.1194	0.9760	0.9811	1.0941	1.0004	1.0004	1.0000	1.0000
3 Yr Average	18.4017	2.1221	2.0142	1.2060	1.1344	0.9930	0.9961	1.1042	1.0072	1.0065	0.9804	1.0000
4 Yr Average	18.1470	1.9480	1.9989	1.2088	1.1456	1.0078	1.0241	1.1246	1.0233	1.0031	0.9663	1.0000
Selected	18.0178	1.9342	1.9847	1.2002	1.1374	1.0005	1.0167	1.1164	1.0158	1.0000	1.0000	1.0000

Countrywide - Personal Umbrella Liability
Nationwide Mutual and Property & Casualty Insurance Companies

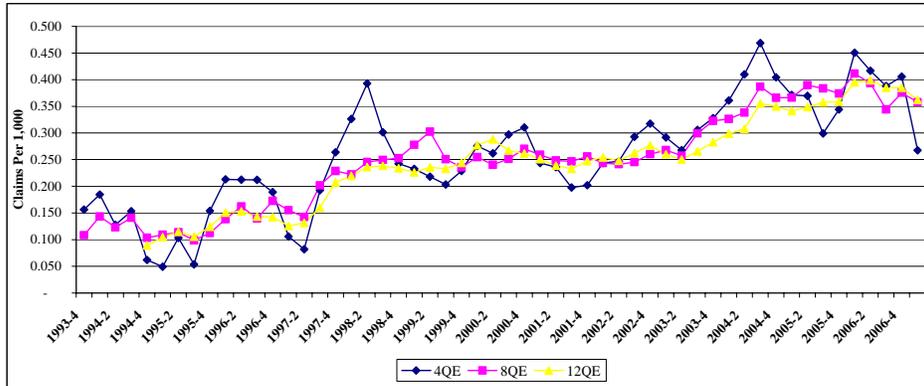
Severity Adjusted Disposal Age-to-Ultimate Net Settlement & DCC LAE Loss Development Factors

	<u>Accident Year Year Ending September</u>									
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
<u>2 Year Average Estimates</u>										
Net Settled Losses & DCC LAE as of 3/31/2007	3,777,822	13,000,094	24,573,618	27,412,425	18,224,862	20,451,909	30,080,616	15,455,047	15,008,462	15,825,718
Severity Adjustment	1,616,427	(6,885,408)	8,428,764	3,791,025	(974,450)	(838,704)	1,737,831	(934,073)	1,247,022	597,498
Disposal Adjusted Age-to-Ult Factor	18.2602	1.9560	1.9032	1.1315	1.1194	0.9760	0.9811	1.0941	1.0004	1.0004
Severity Adjusted Ultimate Loss & DCC	41,083,932	32,010,634	39,155,650	30,518,639	20,517,260	19,940,934	29,544,938	16,997,263	15,013,967	15,831,809
Disposal & Severity Adjusted Age-to-Ult Factor	10.8750	2.4623	1.5934	1.1133	1.1258	0.9750	0.9822	1.0998	1.0004	1.0004
<u>3 Year Average Estimates</u>										
Net Settled Losses & DCC LAE as of 3/31/2007	3,777,822	13,000,094	24,573,618	27,412,425	18,224,862	20,451,909	30,080,616	15,455,047	15,008,462	15,825,718
Severity Adjustment	1,655,694	(3,948,812)	10,115,097	3,293,110	(406,894)	(840,540)	2,201,787	(809,353)	1,848,182	1,719,832
Disposal Adjusted Age-to-Ult Factor	18.4017	2.1221	2.0142	1.2060	1.1344	0.9930	0.9961	1.1042	1.0072	1.0065
Severity Adjusted Ultimate Loss & DCC	40,706,456	32,018,462	39,237,450	32,381,004	20,728,970	20,302,861	29,971,889	17,149,797	15,103,216	15,917,406
Disposal & Severity Adjusted Age-to-Ult Factor	10.7751	2.4629	1.5967	1.1813	1.1374	0.9927	0.9964	1.1097	1.0063	1.0058
<u>4 Year Average Estimates</u>										
Net Settled Losses & DCC LAE as of 3/31/2007	3,777,822	13,000,094	24,573,618	27,412,425	18,224,862	20,451,909	30,080,616	15,455,047	15,008,462	15,825,718
Severity Adjustment	1,961,853	(3,165,588)	9,555,813	3,826,665	(158,470)	(710,031)	2,264,991	(135,993)	2,606,877	166,383
Disposal Adjusted Age-to-Ult Factor	18.1470	1.9480	1.9989	1.2088	1.1456	1.0078	1.0241	1.1246	1.0233	1.0031
Severity Adjusted Ultimate Loss & DCC	34,916,242	28,325,161	39,574,903	32,337,132	20,901,475	20,616,972	30,750,973	17,397,690	15,297,419	15,874,262
Disposal & Severity Adjusted Age-to-Ult Factor	9.2424	2.1788	1.6105	1.1797	1.1469	1.0081	1.0223	1.1257	1.0193	1.0031
<u>Selected</u>										
Net Settled Losses & DCC LAE as of 3/31/2007	3,777,822	13,000,094	24,573,618	27,412,425	18,224,862	20,451,909	30,080,616	15,455,047	15,008,462	15,825,718
Severity Adjustment	1,961,853	(3,165,588)	9,555,813	3,826,665	(158,470)	(710,031)	2,264,991	(135,993)	2,606,877	166,383
Disposal Adjusted Age-to-Ult Factor	18.0178	1.9342	1.9847	1.2002	1.1374	1.0005	1.0167	1.1164	1.0158	1.0000
Severity Adjusted Ultimate Loss & DCC	34,681,619	28,102,074	39,361,650	32,134,294	20,750,732	20,462,490	30,545,137	17,269,844	15,204,407	15,825,718
Disposal & Severity Adjusted Age-to-Ult Factor	9.1803	2.1617	1.6018	1.1723	1.1386	1.0005	1.0154	1.1174	1.0131	1.0000

Exhibit VI
Page 1

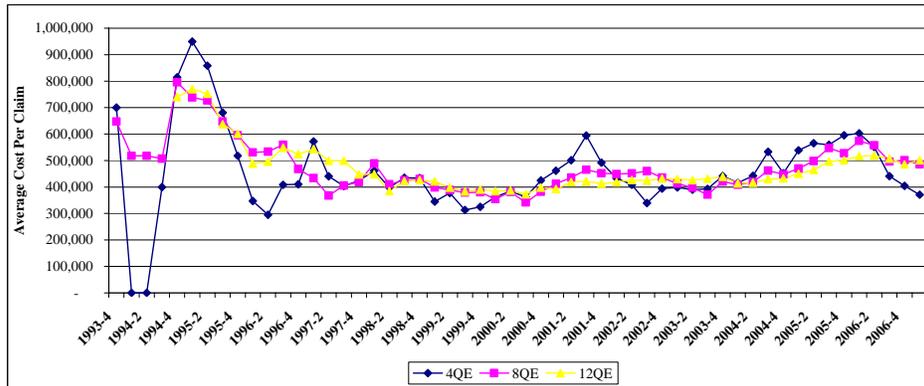
Countrywide - Personal Umbrella Liability
Nationwide Mutual and Property & Casualty Insurance Companies

Incurred Frequency per 1,000



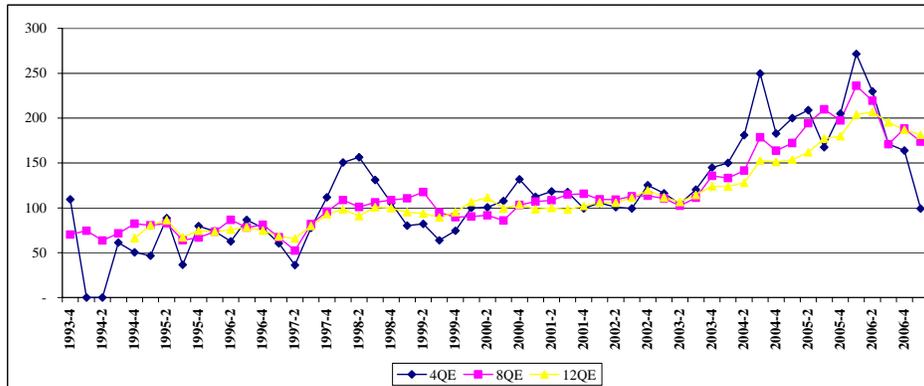
Trend Period	Frequency - Annualized Trends		
	4QE	8QE	12QE
40-Qtrs	7.0%	6.8%	7.5%
36-Qtrs	5.9%	6.1%	6.4%
32-Qtrs	8.1%	7.2%	7.0%
28-Qtrs	8.0%	8.8%	7.9%
24-Qtrs	10.4%	10.3%	10.4%
20-Qtrs	6.4%	10.6%	11.0%
16-Qtrs	3.0%	7.1%	11.3%
12-Qtrs	-6.7%	0.6%	6.3%
8-Qtrs	-2.2%	-4.6%	4.2%
4-Qtrs	-40.2%	-7.7%	-10.9%

Average Paid Cost



Trend Period	Severity - Annualized Trends		
	4QE	8QE	12QE
40-Qtrs	2.2%	1.5%	0.3%
36-Qtrs	2.5%	2.8%	1.6%
32-Qtrs	3.5%	3.5%	3.0%
28-Qtrs	4.1%	4.6%	3.8%
24-Qtrs	2.6%	4.6%	4.1%
20-Qtrs	1.9%	3.8%	4.0%
16-Qtrs	5.9%	5.9%	4.7%
12-Qtrs	3.3%	9.3%	6.3%
8-Qtrs	-5.8%	6.3%	7.7%
4-Qtrs	-23.3%	-3.9%	2.2%

Adjusted Loss Cost (Incurred Frequency x Avg Paid Cost)



Trend Period	Loss Cost - Annualized Trends		
	4QE	8QE	12QE
40-Qtrs	9.9%	9.5%	9.1%
36-Qtrs	9.7%	9.8%	9.2%
32-Qtrs	9.5%	9.9%	9.6%
28-Qtrs	12.5%	12.1%	11.0%
24-Qtrs	10.9%	13.8%	12.4%
20-Qtrs	12.5%	14.5%	14.8%
16-Qtrs	12.7%	17.1%	16.3%
12-Qtrs	6.4%	17.1%	18.3%
8-Qtrs	-12.1%	6.9%	14.5%
4-Qtrs	-25.0%	-8.3%	6.5%

Nationwide Mutual and Property & Casualty Insurance Companies
Countrywide - Personal Umbrella Liability

Year-Qtr	Incurred Frequency			Severity - Avg Paid Cost			Adjusted Loss Cost - Incurred		
	Claims Per 1,000	Earned Exposures		4 Qtr	8 Qtr	12 Qtr	Frequency X Avg Paid Cost		
	4 Qtr	8 Qtr	12 Qtr	4 Qtr	8 Qtr	12 Qtr	4 Qtr	8 Qtr	12 Qtr
1992-4	0.049			630,000			30.73		
1993-1	0.093			863,333			79.88		
1993-2	0.117			863,333			101.15		
1993-3	0.125			579,000			72.41		
1993-4	0.156	0.108		700,000	647,500		109.40	70.23	
1994-1	0.184	0.144		-	518,000		-	74.39	
1994-2	0.127	0.123		-	518,000		-	63.67	
1994-3	0.153	0.141		400,000	507,400		61.31	71.46	
1994-4	0.062	0.104	0.089	814,700	795,583	740,389	50.42	82.43	66.09
1995-1	0.049	0.109	0.105	949,643	738,611	769,792	46.60	80.60	80.66
1995-2	0.103	0.114	0.115	858,576	726,487	752,146	88.45	82.78	86.34
1995-3	0.054	0.098	0.105	680,672	647,652	637,354	36.54	63.78	67.19
1995-4	0.154	0.112	0.124	517,684	595,846	601,054	79.61	66.83	74.41
1996-1	0.213	0.138	0.151	347,099	530,482	488,043	73.92	73.42	73.52
1996-2	0.212	0.162	0.153	295,115	533,502	495,395	62.67	86.67	75.81
1996-3	0.212	0.139	0.143	408,373	559,650	548,640	86.56	78.03	78.56
1996-4	0.189	0.173	0.142	410,267	468,107	524,009	77.58	80.92	74.54
1997-1	0.106	0.155	0.126	572,202	433,677	543,124	60.43	67.32	68.26
1997-2	0.082	0.143	0.131	440,603	367,859	499,514	36.12	52.45	65.67
1997-3	0.193	0.202	0.160	403,952	405,781	499,494	77.80	81.82	79.78
1997-4	0.264	0.229	0.207	423,671	418,940	447,740	111.74	95.81	92.82
1998-1	0.326	0.222	0.220	461,047	488,836	448,339	150.50	108.69	98.47
1998-2	0.393	0.246	0.236	398,127	410,380	384,574	156.44	100.85	90.77
1998-3	0.301	0.250	0.238	435,128	425,492	422,426	131.07	106.18	100.74
1998-4	0.242	0.253	0.234	434,125	430,227	426,853	105.26	108.70	99.77
1999-1	0.233	0.278	0.226	344,387	398,230	421,426	80.15	110.63	95.29
1999-2	0.218	0.302	0.236	377,528	388,574	397,865	82.24	117.50	93.77
1999-3	0.203	0.251	0.233	313,247	378,479	383,400	63.74	94.92	89.34
1999-4	0.229	0.235	0.244	325,056	380,338	390,373	74.33	89.52	95.30
2000-1	0.276	0.255	0.277	362,854	354,460	384,344	100.01	90.30	106.48
2000-2	0.262	0.240	0.288	384,108	381,301	386,859	100.59	91.66	111.46
2000-3	0.297	0.251	0.267	362,587	341,712	372,314	107.70	85.88	99.41
2000-4	0.310	0.270	0.262	424,519	381,892	397,864	131.75	103.25	104.06
2001-1	0.244	0.259	0.251	461,474	412,164	392,230	112.39	106.86	98.39
2001-2	0.236	0.249	0.239	501,117	435,774	418,674	118.25	108.36	100.00
2001-3	0.198	0.247	0.233	594,304	465,572	421,478	117.61	114.79	98.12
2001-4	0.202	0.256	0.247	491,920	451,978	412,925	99.32	115.68	102.04
2002-1	0.244	0.244	0.254	433,088	448,984	418,066	105.47	109.35	106.17
2002-2	0.247	0.241	0.248	408,090	451,418	426,467	100.72	108.97	105.78
2002-3	0.293	0.245	0.262	339,352	460,119	423,847	99.40	112.87	111.11
2002-4	0.318	0.260	0.277	394,125	436,037	431,614	125.19	113.53	119.48
2003-1	0.292	0.268	0.260	398,140	412,926	429,918	116.20	110.62	111.70
2003-2	0.268	0.257	0.250	389,704	397,671	426,035	104.31	102.30	106.57
2003-3	0.306	0.299	0.265	393,379	371,100	431,516	120.25	111.06	114.48
2003-4	0.328	0.323	0.283	441,961	420,484	438,479	144.96	135.73	124.01
2004-1	0.361	0.326	0.299	415,443	408,365	414,070	150.03	133.20	123.70
2004-2	0.410	0.338	0.308	442,182	418,497	415,827	181.21	141.56	127.93
2004-3	0.469	0.387	0.355	532,948	461,918	429,664	249.76	178.64	152.62
2004-4	0.404	0.366	0.350	452,334	447,333	432,325	182.94	163.77	151.21
2005-1	0.371	0.366	0.341	538,605	470,181	450,170	200.05	172.22	153.58
2005-2	0.370	0.390	0.349	565,230	498,309	464,740	208.97	194.18	162.07
2005-3	0.299	0.383	0.357	559,874	546,997	496,088	167.58	209.71	177.32
2005-4	0.344	0.374	0.359	595,513	527,444	501,217	205.05	197.31	179.82
2006-1	0.451	0.411	0.395	602,887	573,820	516,628	271.65	236.11	203.99
2006-2	0.417	0.393	0.399	551,607	557,461	518,405	229.79	219.34	206.76
2006-3	0.388	0.344	0.385	440,712	496,136	507,140	171.04	170.84	195.25
2006-4	0.406	0.375	0.385	404,015	501,284	485,854	163.93	188.22	187.01
2007-1	0.267	0.358	0.362	370,708	485,883	501,199	99.08	173.80	181.51

Nationwide Mutual and Affiliated Insurance Companies

Financial Needs Model

Underwriting Profit Provision Support

Personal Umbrella Liability

The required underwriting profit provision used in this filing's rate level analysis was developed using an internal rate of return model that incorporates the estimated timing of premium receipts, loss payments, expense payments and other underwriting components. This model simulates a single insurance transaction (Premium = \$100.00) and its related assets flow and determines the required underwriting profit provision that would result in the desired rate of return on the surplus that supports the transaction.

The underlying surplus supporting the transaction at any given point in time is a function of the insurance reserves being held. Also, if the cash balance is insufficient to offset the insurance liabilities less receivables, additional surplus is committed to fund these reserves.

In addition to the historical payout patterns and expense provisions, the model reflects the following assumptions:

Desired Rate of Return:	15.0 %
Equity Allocated to Line of Business Using Premium to Surplus Ratio:	0.40 to 1.00
Reserve to Premium Ratio:	3.67 to 1.00
Investment Yield – Single Rate Equivalent:	5.83 %
Portion of Assets Available for Investments:	93.0 %
Federal Tax Rate:	35.0 %

Page 2 of this exhibit displays the cash flow resulting from these assumptions. The model derives an underwriting profit of \$13.38 (sum the net underwriting flow across all time periods) in order to achieve the desired rate of return. Page 3 provides the model's required assets (sum of reserve and surplus requirements) as well as the available assets (sum of receivables and cash balance from insurance operations). If the available assets are not sufficient to offset the required assets, additional assets (from surplus) must be infused to support the transaction. Page 4 displays the asset flow (negative values indicate flow to insurance operations while positive values indicate flow back to surplus). The total asset flow is then discounted at the desired rate of return, and the resulting sum of the discounted asset flow is \$0.00. Thus, an underwriting profit provision of 13.38 percent (\$13.38/\$100.00) is expected to achieve a 15.0 percent rate of return.

For this filing, we have selected to use a 5.0 underwriting profit provision which results in a 9.8 percent return on surplus.

Nationwide Mutual and Affiliated Insurance Companies

Personal Umbrella Liability - Countrywide

Cash Flow Related to Insurance Operations

Months from Policy Inception	Cash Flow				Actual Cash Balance	Excess Cash Flow	Adjusted Cash Balance
	Net Underwriting	Investment Income	Federal Income Tax	Total			
-1	(0.21)	0.00	0.00	(0.21)	0.00	0.00	0.00
0	52.85	0.00	7.65	60.50	60.50	0.00	60.50
3	(2.17)	1.86	(4.28)	(4.59)	55.91	0.00	55.91
6	8.38	1.61	(4.19)	5.80	61.72	0.00	61.72
9	(1.57)	1.50	(4.18)	(4.24)	57.48	0.00	57.48
12	(0.52)	1.27	(3.98)	(3.23)	54.24	0.00	54.24
15	(3.13)	0.96	(0.42)	(2.58)	51.66	0.00	51.66
18	(2.91)	0.90	(0.16)	(2.17)	49.50	0.00	49.50
21	(3.18)	0.83	(0.12)	(2.47)	47.03	0.00	47.03
24	(2.94)	0.76	(0.11)	(2.28)	44.75	0.00	44.75
27	(3.44)	0.70	(0.09)	(2.83)	41.91	0.00	41.91
30	(2.32)	0.62	(0.09)	(1.79)	40.12	0.00	40.12
33	(3.33)	0.57	(0.01)	(2.78)	37.34	0.15	37.20
36	(3.03)	0.49	(0.01)	(2.54)	34.66	2.55	32.11
39	(2.81)	0.43	(0.18)	(2.57)	29.54	2.15	27.39
42	(3.69)	0.36	0.12	(3.20)	24.19	2.99	21.20
45	(2.03)	0.28	0.04	(1.71)	19.49	1.70	17.79
48	(0.75)	0.24	(0.03)	(0.54)	17.24	0.71	16.53
51	(1.23)	0.22	(0.02)	(1.03)	15.50	1.04	14.46
54	(1.47)	0.19	0.04	(1.24)	13.22	1.23	11.99
57	(0.24)	0.16	(0.04)	(0.12)	11.87	0.28	11.59
60	(0.65)	0.15	(0.01)	(0.50)	11.09	0.58	10.50
72	(1.25)	0.57	(0.15)	(0.82)	9.68	1.27	8.40
84	(2.12)	0.46	(0.03)	(1.69)	6.71	1.87	4.84
96	(1.68)	0.26	0.06	(1.36)	3.48	1.46	2.02
108	(0.30)	0.11	(0.00)	(0.19)	1.83	0.31	1.52
120	(0.01)	0.08	(0.02)	0.05	1.57	0.07	1.51
132	(0.01)	0.08	(0.02)	0.05	1.56	0.07	1.49
144	(0.02)	0.08	(0.02)	0.04	1.53	0.08	1.45
156	(0.02)	0.08	(0.02)	0.04	1.50	0.07	1.42
168	(0.02)	0.08	(0.02)	0.04	1.47	0.07	1.40
180	(0.03)	0.08	(0.01)	0.04	1.43	0.08	1.35
192	(0.03)	0.07	(0.03)	0.01	1.37	0.07	1.30
204	(0.12)	0.07	(0.02)	(0.07)	1.23	0.13	1.10
216	(0.08)	0.06	(0.02)	(0.04)	1.06	0.10	0.96
228	(0.09)	0.05	(0.02)	(0.06)	0.90	0.10	0.81
240	(0.11)	0.04	(0.01)	(0.08)	0.73	0.10	0.63
252	(0.08)	0.03	(0.01)	(0.06)	0.56	0.08	0.48
264	(0.19)	0.03	(0.01)	(0.17)	0.31	0.15	0.17
276	(0.10)	0.01	(0.00)	(0.09)	0.07	0.07	0.00
288	0.00	0.00	0.00	0.00	0.00	0.00	0.00
300	0.00	0.00	0.00	0.00	0.00	0.00	0.00
312	0.00	0.00	0.00	0.00	0.00	0.00	0.00
324	0.00	0.00	0.00	0.00	0.00	0.00	0.00
336	0.00	0.00	0.00	0.00	0.00	0.00	0.00
348	0.00	0.00	0.00	0.00	0.00	0.00	0.00
360	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	13.38	16.35	(10.40)	19.32			

Nationwide Mutual and Affiliated Insurance Companies

Personal Umbrella Liability - Countrywide

Assets Required to Support Insurance Operations

Months from Policy Inception	Required Assets				Available Assets from Operations			Assets Prior to Infusion
	Unearned Premium	Loss & LAE	Required Underlying	Total	Premium Receivable	Salvage & Subrogation Receivable	Required Cash Balance	
	<u>Reserve</u>	<u>Reserve</u>	<u>Surplus</u>		<u>Receivable</u>	<u>Receivable</u>	<u>Balance</u>	
-1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	100.00	0.00	68.03	168.03	27.56	0.00	60.50	88.06
3	75.00	10.55	58.20	143.75	22.21	0.00	55.91	78.13
6	50.00	21.76	48.82	120.58	7.15	0.00	61.72	68.87
9	25.00	32.94	39.41	97.35	1.81	0.00	57.48	59.29
12	0.00	43.24	29.41	72.65	0.01	0.00	54.24	54.25
15	0.00	40.26	27.39	67.65	0.00	0.00	51.66	51.67
18	0.00	37.35	25.41	62.76	0.00	0.00	49.50	49.50
21	0.00	34.17	23.25	57.42	0.00	0.00	47.03	47.03
24	0.00	31.23	21.25	52.48	0.00	0.00	44.75	44.75
27	0.00	27.79	18.91	46.70	0.00	0.00	41.91	41.91
30	0.00	25.47	17.32	42.79	0.00	0.00	40.12	40.12
33	0.00	22.14	15.06	37.20	0.00	0.00	37.20	37.20
36	0.00	19.11	13.00	32.11	0.00	0.00	32.11	32.11
39	0.00	16.30	11.09	27.39	0.00	0.00	27.39	27.39
42	0.00	12.61	8.58	21.20	0.00	0.00	21.20	21.20
45	0.00	10.59	7.20	17.79	0.00	0.00	17.79	17.79
48	0.00	9.84	6.69	16.53	0.00	0.00	16.53	16.53
51	0.00	8.61	5.85	14.46	0.00	0.00	14.46	14.46
54	0.00	7.14	4.85	11.99	0.00	0.00	11.99	11.99
57	0.00	6.90	4.69	11.59	0.00	0.00	11.59	11.59
60	0.00	6.25	4.25	10.50	0.00	0.00	10.50	10.50
72	0.00	5.00	3.40	8.40	0.00	0.00	8.40	8.40
84	0.00	2.88	1.96	4.84	0.00	0.00	4.84	4.84
96	0.00	1.20	0.82	2.02	0.00	0.00	2.02	2.02
108	0.00	0.91	0.62	1.52	0.00	0.00	1.52	1.52
120	0.00	0.90	0.61	1.51	0.00	0.00	1.51	1.51
132	0.00	0.88	0.60	1.49	0.00	0.00	1.49	1.49
144	0.00	0.87	0.59	1.45	0.00	0.00	1.45	1.45
156	0.00	0.85	0.58	1.42	0.00	0.00	1.42	1.42
168	0.00	0.83	0.57	1.40	0.00	0.00	1.40	1.40
180	0.00	0.81	0.55	1.35	0.00	0.00	1.35	1.35
192	0.00	0.77	0.52	1.30	0.00	0.00	1.30	1.30
204	0.00	0.65	0.45	1.10	0.00	0.00	1.10	1.10
216	0.00	0.57	0.39	0.96	0.00	0.00	0.96	0.96
228	0.00	0.48	0.33	0.81	0.00	0.00	0.81	0.81
240	0.00	0.37	0.25	0.63	0.00	0.00	0.63	0.63
252	0.00	0.29	0.20	0.48	0.00	0.00	0.48	0.48
264	0.00	0.10	0.07	0.17	0.00	0.00	0.17	0.17
276	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
288	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
300	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
312	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
324	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
336	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
348	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
360	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Nationwide Mutual and Affiliated Insurance Companies

Personal Umbrella Liability - Countrywide

Infused and Excess Asset Flows Resulting from Insurance Operations

Months from Policy Inception	Required Assets	Assets Prior to Infusion	Required Infused Assets	Infused Asset Flow	Excess Asset Flow	Total Asset Flow	Discount Factor at 15.0% ROR	Discounted Asset Flow
-1	0.00	0.00	0.00	0.00	(0.21)	(0.21)	1.0117	(0.21)
0	168.03	88.06	79.97	(79.97)	0.00	(79.97)	1.0000	(79.97)
3	143.75	78.13	65.62	14.34	0.00	14.34	0.9657	13.85
6	120.58	68.87	51.71	13.91	0.00	13.91	0.9325	12.97
9	97.35	59.29	38.06	13.65	0.00	13.65	0.9005	12.29
12	72.65	54.25	18.40	19.67	0.00	19.67	0.8696	17.10
15	67.65	51.67	15.99	2.41	0.00	2.41	0.8397	2.02
18	62.76	49.50	13.27	2.72	0.00	2.72	0.8109	2.21
21	57.42	47.03	10.39	2.88	0.00	2.88	0.7830	2.25
24	52.48	44.75	7.74	2.65	0.00	2.65	0.7561	2.01
27	46.70	41.91	4.78	2.95	0.00	2.95	0.7302	2.16
30	42.79	40.12	2.67	2.11	0.00	2.11	0.7051	1.49
33	37.20	37.20	0.00	2.67	0.15	2.82	0.6809	1.92
36	32.11	32.11	0.00	0.00	2.55	2.55	0.6575	1.67
39	27.39	27.39	0.00	0.00	2.15	2.15	0.6349	1.37
42	21.20	21.20	0.00	0.00	2.99	2.99	0.6131	1.83
45	17.79	17.79	0.00	0.00	1.70	1.70	0.5921	1.01
48	16.53	16.53	0.00	0.00	0.71	0.71	0.5718	0.41
51	14.46	14.46	0.00	0.00	1.04	1.04	0.5521	0.57
54	11.99	11.99	0.00	0.00	1.23	1.23	0.5332	0.65
57	11.59	11.59	0.00	0.00	0.28	0.28	0.5149	0.15
60	10.50	10.50	0.00	0.00	0.58	0.58	0.4972	0.29
72	8.40	8.40	0.00	0.00	1.27	1.27	0.4323	0.55
84	4.84	4.84	0.00	0.00	1.87	1.87	0.3759	0.70
96	2.02	2.02	0.00	0.00	1.46	1.46	0.3269	0.48
108	1.52	1.52	0.00	0.00	0.31	0.31	0.2843	0.09
120	1.51	1.51	0.00	0.00	0.07	0.07	0.2472	0.02
132	1.49	1.49	0.00	0.00	0.07	0.07	0.2149	0.01
144	1.45	1.45	0.00	0.00	0.08	0.08	0.1869	0.01
156	1.42	1.42	0.00	0.00	0.07	0.07	0.1625	0.01
168	1.40	1.40	0.00	0.00	0.07	0.07	0.1413	0.01
180	1.35	1.35	0.00	0.00	0.08	0.08	0.1229	0.01
192	1.30	1.30	0.00	0.00	0.07	0.07	0.1069	0.01
204	1.10	1.10	0.00	0.00	0.13	0.13	0.0929	0.01
216	0.96	0.96	0.00	0.00	0.10	0.10	0.0808	0.01
228	0.81	0.81	0.00	0.00	0.10	0.10	0.0703	0.01
240	0.63	0.63	0.00	0.00	0.10	0.10	0.0611	0.01
252	0.48	0.48	0.00	0.00	0.08	0.08	0.0531	0.00
264	0.17	0.17	0.00	0.00	0.15	0.15	0.0462	0.01
276	0.00	0.00	0.00	0.00	0.07	0.07	0.0402	0.00
288	0.00	0.00	0.00	0.00	0.00	0.00	0.0349	0.00
300	0.00	0.00	0.00	0.00	0.00	0.00	0.0304	0.00
312	0.00	0.00	0.00	0.00	0.00	0.00	0.0264	0.00
324	0.00	0.00	0.00	0.00	0.00	0.00	0.0230	0.00
336	0.00	0.00	0.00	0.00	0.00	0.00	0.0200	0.00
348	0.00	0.00	0.00	0.00	0.00	0.00	0.0174	0.00
360	0.00	0.00	0.00	0.00	0.00	0.00	0.0151	0.00
Total				0.00	19.32	19.32		(0.00)