

SERFF Tracking Number: NWPC-125816474 State: Arkansas
Filing Company: Nationwide Mutual Insurance Company. State Tracking Number: EFT \$100
Company Tracking Number: 09PUL-5776AR-KEK
TOI: 17.0 Other Liability - Claims Made/Occurrence Sub-TOI: 17.0021 Personal Umbrella and Excess
Product Name: Personal Umbrella Liability
Project Name/Number: PUL Rate Revision/09PUL-5776AR-KEK

Filing at a Glance

Company: Nationwide Mutual Insurance Company.

Product Name: Personal Umbrella Liability SERFF Tr Num: NWPC-125816474 State: Arkansas
TOI: 17.0 Other Liability - Claims SERFF Status: Closed State Tr Num: EFT \$100
Made/Occurrence
Sub-TOI: 17.0021 Personal Umbrella and Excess Co Tr Num: 09PUL-5776AR-KEK State Status: Fees verified and received
Filing Type: Rate Co Status: Reviewer(s): Alexa Grissom, Betty Montesi
Author: Kara Kapustar Disposition Date: 10/09/2008
Date Submitted: 10/02/2008 Disposition Status: Filed
Effective Date Requested (New): 01/01/2009 Effective Date (New): 01/01/2009
Effective Date Requested (Renewal): 01/01/2009 Effective Date (Renewal):
State Filing Description:

General Information

Project Name: PUL Rate Revision Status of Filing in Domicile: Not Filed
Project Number: 09PUL-5776AR-KEK Domicile Status Comments:
Reference Organization: Reference Number:
Reference Title: Advisory Org. Circular:
Filing Status Changed: 10/09/2008
State Status Changed: 10/06/2008 Deemer Date:
Corresponding Filing Tracking Number:
Filing Description:

We are filing to revise Arkansas Personal Umbrella Liability policies written in the Nationwide Mutual Insurance Company, effective January 1, 2009. The overall rate level effect as a result of this revision is an increase of 5.7 percent.

Company and Contact

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Filing Contact Information

Kara Kapustar, Senior Filings Analyst kapustk1@nationwide.com
 One Nationwide Plaza, 1-18-06 (614) 677-8586 [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: \$100.00
 Retaliatory? No
 Fee Explanation: \$100.00 rate filing fee X 1 filing = \$100.00
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Nationwide Mutual Insurance Company.	\$100.00	10/02/2008	22880866

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Alexa Grissom	10/09/2008	10/09/2008

Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Alexa Grissom	10/06/2008	10/06/2008	Kara Kapustar	10/07/2008	10/07/2008

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Disposition

Disposition Date: 10/09/2008
 Effective Date (New): 01/01/2009
 Effective Date (Renewal):
 Status: Filed
 Comment:

Company Name:	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):	Overall % Indicated Change:
Nationwide Mutual Insurance Company.	5.700%	\$17,500	1,056	\$306,824	10.900%	2.000%	5.700%

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Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Filed	Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	Yes
Supporting Document (revised)	NAIC loss cost data entry document	Filed	Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	Filing Memorandum and Exhibits	Filed	Yes
Rate	Revisions to Automobile Exposure Charges and to Initial Residence premium for Personal Liability/Residence Exposure Charges; clarification for regular watercrafts requiring a referral to underwriting for rating purposes	Filed	Yes
Rate	Implementation of increased limits in excess of \$5,000,000	Filed	Yes

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Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 10/06/2008
Submitted Date 10/06/2008
Respond By Date

Dear Kara Kapustar,

This will acknowledge receipt of the captioned filing. Please submit a completed Rf-1 abstract.

Please feel free to contact me if you have questions.

Sincerely,
Alexa Grissom

Response Letter

Response Letter Status Submitted to State
Response Letter Date 10/07/2008
Submitted Date 10/07/2008

Dear Alexa Grissom,

Comments:

Response 1

Comments: Attached is our completed NAIC Loss Cost Data Entry document. We apologize for omitting this form from our initial filing submission.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: NAIC loss cost data entry document

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

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Sincerely,
Kara Kapustar

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Rate Information

Rate data applies to filing.

Filing Method: File and Use
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: 1.600%
Effective Date of Last Rate Revision: 01/01/2008
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.	5.700%	5.700%	\$17,500	1,056	\$306,824	10.900%	2.000%

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Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Filed	Revisions to Automobile Exposure Charges and to Initial Residence premium for Personal Liability/Residence Exposure Charges; clarification for regular watercrafts requiring a referral to underwriting for rating purposes	PUL-6 and Insert Replacement PUL-6		AR-PC-07-026479 AR Manual PUL-6 (Marked-Up).pdf
Filed	Implementation of increased limits in excess of \$5,000,000	PUL-7a	New	AR Manual PUL-7a.pdf

F. RATE TABLES

Table A – Automobile Exposure Charges

Eff. 1-1-08

Insert PUL-6

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

Table B – Personal Liability/Residence Exposure Charges

Eff. 1-1-08

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

92.60

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.

Nationwide Mutual Insurance Company
 Personal Umbrella Liability
 Arkansas
 Eff. 01/01/2009

Insert PUL - 6

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	\$ 37.10	\$ 29.70	\$ 35.20	\$ 89.00	\$ 53.80	\$ 22.30	\$ 5.60	\$ 33.80	\$ 27.10
19	\$ 44.40	\$ 35.50	\$ 42.20	\$ 106.60	\$ 64.40	\$ 26.60	\$ 6.70	\$ 40.40	\$ 32.40
20	\$ 42.20	\$ 33.80	\$ 40.10	\$ 101.30	\$ 61.20	\$ 25.30	\$ 6.30	\$ 38.40	\$ 30.80
21	\$ 40.50	\$ 32.40	\$ 38.50	\$ 97.20	\$ 58.70	\$ 24.30	\$ 6.10	\$ 36.90	\$ 29.60
22	\$ 47.20	\$ 37.80	\$ 44.80	\$ 113.30	\$ 68.40	\$ 28.30	\$ 7.10	\$ 43.00	\$ 34.50
23	\$ 51.00	\$ 40.80	\$ 48.50	\$ 122.40	\$ 74.00	\$ 30.60	\$ 7.70	\$ 46.40	\$ 37.20
24	\$ 59.80	\$ 47.80	\$ 56.80	\$ 143.50	\$ 86.70	\$ 35.90	\$ 9.00	\$ 54.40	\$ 43.70

FOR COMPANY USE ONLY

Increased Limits in Excess of \$5,000,000

Upon underwriting approval, the following increased limits factors and minimum premiums per \$1,000,000 layer of coverage in excess of \$5,000,000 will apply:

Limit	Increased Limits Factor	Premium for First \$1,000,000 Layer	Minimum Premium Per \$1,000,000 Layer Excess of \$5,000,000
\$ 6,000,000	2.95	< \$100	\$110.00
7,000,000	3.40	\$100 - \$199	220.00
8,000,000	3.85	\$200 - \$299	330.00
9,000,000	4.30	\$300 - \$399	440.00
10,000,000	4.75	>= \$400	550.00

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Supporting Document Schedules

Satisfied -Name: Uniform Transmittal Document-
Property & Casualty **Review Status:** Filed 10/09/2008

Comments:

Attachment:

PC Transmittal Document.pdf

Bypassed -Name: NAIC Loss Cost Filing Document
for OTHER than Workers' Comp **Review Status:** Filed 10/09/2008

Bypass Reason: The NAIC Loss Cost Filing Document is not applicable to this PUL rate filing.

Comments:

Satisfied -Name: NAIC loss cost data entry document **Review Status:** Filed 10/09/2008

Comments:

Attachment:

AR Loss Cost Data Entry (RF-1).pdf

Satisfied -Name: Filing Memorandum and Exhibits **Review Status:** Filed 10/09/2008

Comments:

Attachment:

AR PUL Memorandum and Exhibits.pdf

Property & Casualty Transmittal Document—

20.	This filing transmittal is part of Company Tracking #	09PUL-5776AR-KEK
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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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We are filing to revise Arkansas Personal Umbrella Liability policies written in the Nationwide Mutual Insurance Company, effective January 1, 2009. The overall rate level effect as a result of this revision is an increase of 5.7 percent.

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]
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Check #: Not Applicable (Filing fee submitted via EFT.)

Amount: \$100.00

\$100.00 rate filing fee X 1 rate filing = \$100.00

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.)**

NAIC LOSS COST DATA ENTRY DOCUMENT (EFFECTIVE AUG. 16, 2004)

1.	This filing transmittal is part of Company Tracking #	09PUL-5776AR-KEK
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2.	If filing is an adoption of an advisory organization loss cost filing, give name of advisory organization and Reference/Item Filing Number	Not Applicable
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Company Name		Company NAIC Number	
3.	A.	Nationwide Mutual Insurance Company	B. 23787

Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)	
4.	A.	17.0 Other Liability - Claims Made/Occurrence	B. 17.0021 Personal Umbrella and Excess

5.			FOR LOSS COSTS ONLY				
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
COVERAGE (See Instructions)	Indicated % Rate Level Change	Requested % Rate Level Change	Expected Loss Ratio	Loss Cost Modification Factor	Selected Loss Cost Multiplier	Expense Constant (If Applicable)	Co. Current Loss Cost Multiplier
Personal Umbrella Liability	+5.7%	+5.7%					
TOTAL OVERALL EFFECT	+5.7%	+5.7%					

6.		5 Year History	Rate Change History					
Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio	
2008	1,056	+1.6%	1/1/08					
2007	1,080	+5.7%	1/1/07	294.1	9.7	3.3%	51.8%	
2006	1,070	-	-	270.7	18.6	6.9%	66.5%	
2005	1,021	+7.6%	12/15/05	237.3	200.5	84.5%	49.9%	
2004	981	15.8%	11/15/04	208.2	(12.1)	-5.8%	93.5%	
2003	977	14.7%	2/15/03	190.8	(4.8)	-2.5%	72.6%	

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	35.9 %
B. General Expense	(Incl. in A)
C. Taxes, License & Fees	2.5 %
D. Underwriting Profit & Contingencies	5.0 %
E. Other (explain) #	2.2 %
F. TOTAL	45.6%

#Adjusting & Other LAE Less Fee Income/Premium Write-Offs

8. N Apply Lost Cost Factors to Future filings? (Y or N)
9. 10.9% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): 18
10. 2.0% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): 20

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 +5.7 percent for the State of Arkansas. Based upon this analysis, a rate level increase of 5.7 percent will be effective on January 1, 2009. 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
January 1, 2008	1.6%
January 1, 2007	5.7%
December 15, 2005	7.6%
November 15, 2004	15.8%
February 15, 2003	14.7%

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
2003	1.492
2004	1.350
2005	1.262
2006	1.130
2007	1.059

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 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. With the exception of the "18-30" development period, 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. For the "18-30" development period, the 3 year average for accident years 2003 through 2005 was selected due to the unusually large development observed in Exhibit II that occurred during accident year 2006. 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. We have selected adjustments consistent with the selection of the age-to-ultimate factors for the various development periods. 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 3/31/08 – Exhibit II, Page 1	Net Settled Losses – Transferred Portfolio / Discontinued Coverages	Adjusted Countrywide Net Settled Losses as of 3/31/08	Age-to-Ultimate Loss Development Factors – Exhibit II, Page 1	Adjusted Countrywide Estimated Outstanding Losses & DCC LAE
09/30/03	30,043,913	2,628,600	27,415,313	1.0857	29,764,805
09/30/04	35,710,176	1,151,758	34,558,418	1.1557	39,939,164
09/30/05	17,802,242	2,050,000	15,752,242	1.6223	25,554,862
09/30/06	11,029,445	1,000,000	10,029,445	2.8572	28,656,130
09/30/07	5,518,740	0	5,518,740	7.4617	41,179,182

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 3/31/08	Countrywide Estimated Outstanding Losses & DCC LAE	Countrywide # Earned Exposures	Countrywide # Outstanding Loss Cost
09/30/03	29,764,805	27,415,313	2,349,492	186,773.6	12.58
09/30/04	39,939,164	34,558,418	5,380,746	184,917.1	29.10
09/30/05	25,554,862	15,752,242	9,802,620	187,431.7	52.30
09/30/06	28,656,130	10,029,445	18,626,685	193,067.3	96.48
09/30/07	41,179,182	5,518,740	35,660,442	198,114.5	180.00

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, 2008 (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 03/31/2008	Countrywide Outstanding Loss Cost	Arkansas Earned Exposures	Adjusted Arkansas Outstanding Loss Provision*	Arkansas Estimated Losses and DCC LAE*
09/30/03	5,000	12.58	961.6	10,239	15,239
09/30/04	-	29.10	968.9	23,906	23,906
09/30/05	-	52.30	989.2	43,969	43,969
09/30/06	-	96.48	1,031.3	85,035	85,035
09/30/07	-	180.00	1,070.0	166,610	166,610

* AR EE x Countrywide O/S Loss Cost x AR Estimated PUL Loss Exposure Relativity (0.868); subsequently adjusted such that sum of all states' results balance to the countrywide result by accident year (approximate balancing factors are 0.975, 0.977, 0.979, 0.985 and 0.997 for accident years 2003 through 2007).

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 2007. 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 2008 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 1.223 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 0.979 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 (0.029) 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 23.8 and 22.3 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	0.679
2	AR BI Excess Frequency (per 1,000)	0.482
3	Countrywide BI Excess Frequency (per 1,000)	0.618
4	AR BI Excess Frequency Relativity	0.780
5	Credibility Assigned to AR BI Excess Frequency Relativity	0.19
6	AR Credibility-Weighted BI Excess Frequency Relativity	0.699
7	AR Selected BI Excess Frequency Relativity	0.699
8	AR Selected Auto Relativity Change	2.9%
9	AR Current Average PUL Initial UMC Relativity	0.704
10	AR UMBI Excess Frequency (per 1,000)	0.286
11	Countrywide UMBI Excess Frequency (per 1,000)	0.306
12	AR UMBI Excess Frequency Relativity	0.935
13	Credibility Assigned to AR UMBI Excess Frequency Relativity	0.11
14	AR Credibility-Weighted UMBI Excess Frequency Relativity	0.696
15	AR Selected UMBI Excess Frequency Relativity	0.696
16	AR Selected UMC Relativity Change	-1.1%
17	AR PUL Auto (Less UMBI) Exposure Relative to Initial Auto Charge	2.814
18	AR PUL UM Exposure Relative to Initial Auto Charge	0.741
19	AR PUL Exposure Relative to Initial Auto Charge (Excess Frequency Base) #	2.580
20	Countrywide PUL Exposure Relative to Initial Auto Charge (Excess Freq Base)	2.973
21	Estimated AR PUL Loss Cost Differential - Excess Freq Base (2.580 / 2.973)	0.868
22	AR PUL Exposure Relative to Initial Auto Charge (Curr Initial Auto Charge Base) ##	2.402
23	Countrywide PUL Exposure Relative to Initial Auto Charge (Curr Initial Auto Charge Base)	2.920
24	AR PUL Loss Cost Differential (Current Initial Auto Charge Base) (2.402 / 2.920)	0.823
25	AR Trended Permissible Loss and ALAE Adjustment (0.868 / 0.823)	1.055
	# 2.580 = (((2.814 x 0.679 x 1.029 x 1.020) + (0.741 x 0.679 x 0.989 x 1.223)) x 0.979) + 0.021	
	## 2.402 = (((2.814 x 0.679) + (0.741 x 0.704)) x 0.979) + 0.021	

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, 2007). The prospective trend applies from the mid-point of the most recent experience year to the average date of loss of January 1, 2010 (one year beyond the effective date of January 1, 2009). 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
09/30/03	1.311	1.205	1.580
09/30/04	1.225	1.205	1.477
09/30/05	1.145	1.205	1.380
09/30/06	1.070	1.205	1.290
09/30/07	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: 23.8 percent for General and Other Acquisition and 2.9 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, 2010). 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 +5.7 percent. For this rate revision, the filed changes are expected to generate a rate level increase of 5.7 percent.

Exhibit VII is the companies' Financial Needs Model, which demonstrates the appropriateness of a 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: 81.1%

(100.0% - 5.0% Profit Provision – 12.1% 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 (355,980 / 5,021.0):	70.90
b. Personal Liability Loss Cost Per Policy (\$169.31 x 1.0%):	1.87
c. Sub-Total (a.+ b.)	72.77
d. Adjustment for Variable Expenses and Profit (c. / 81.10%):	89.73
e. Average Personal Injury Credit/Underlying Personal Liability Credit:	0.968
f. Indicated Initial Residence Charge (d. / e.):	92.70
g. Current Initial Residence Charge:	81.40
h. Selected Initial Residence Charge:	92.60

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

Auto Liability Charge Revisions

The various Auto Charges were developed in a manner that reflects the above revision to the Initial Residence Charge such that the combined overall change balances to the Selected Rate Level Change displayed on Exhibit I. The auto territory relativities

underlying the revised auto charges are the same as those underlying the current auto charges.

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

Higher Limits of Liability in Excess of \$5,000,000

With this revision, we are introducing increased limits rate factors and corresponding minimum premiums for Personal Umbrella Liability limits of \$6,000,000 to \$10,000,000 as displayed in draft manual page PUL-7a.

Editorial Revisions to Manual Pages

We are clarifying our intent that for all regular watercrafts insured under the Personal Umbrella Liability policy that require a referral to underwriting for rating purposes, such watercrafts have a minimum underlying watercraft liability coverage of \$500,000. This clarification is illustrated on draft manual page PUL-6.

Exhibit I

**Arkansas - Personal Umbrella Liability
Nationwide Mutual and Nationwide Property & Casualty Insurance Companies
Calculation of Indicated Rate-Level Change Assumed Effective January 01, 2009**

Fiscal Accident Year Ending	09/30/03	09/30/04	09/30/05	09/30/06	09/30/07	5-Year
Premium						
1. Current Level Earned Premium	275,211	278,617	285,741	297,439	306,824	1,443,832
2. Premium Projection Factor	1.000	1.000	1.000	1.000	1.000	
3. Projected Current Level Earned Premium = (1) × (2)	275,211	278,617	285,741	297,439	306,824	1,443,832
Experience Losses and ALAE						
4a. Net Settled Losses and DCC LAE	5,000	-	-	-	-	5,000
4b. Estimated Outstanding Losses and DCC LAE	10,239	23,906	43,969	85,035	166,610	329,759
4c. Estimated Ultimate Losses and DCC LAE (4a. + 4b.)	15,239	23,906	43,969	85,035	166,610	334,759
5. Loss Projection Factor	1.580	1.477	1.380	1.290	1.205	
6. Projected Estimated Ultimate Losses and DCC LAE = (4) × (5)	24,077	35,309	60,678	109,695	200,765	430,524
7. Projected Loss and ALAE Ratio = (6) ÷ (3)	8.7%	12.7%	21.2%	36.9%	65.4%	29.8%
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	62.7%	62.7%	62.7%	62.7%	62.7%	62.7%
11. Credibility-Weighted Loss and DCC LAE Ratio = (9) × (7) + [1 - (9)] × (10)	61.6%	61.7%	61.9%	62.2%	62.8%	61.1%
12. Credibility-Weighted Losses and DCC LAE = (3) × (11)	169,530	171,907	176,874	185,007	192,685	882,181
Fixed Expenses						
13. Estimated General and Other Acquisition Expenses	43,901	49,119	53,888	62,646	68,956	278,510
14. Estimated Adjusting & Other Loss Adjustment Expenses	5,349	5,985	6,566	7,633	8,402	33,935
15. Fixed Expense Projection Factor	1.213	1.179	1.146	1.114	1.082	
16. Projected General and Other Acquisition Expenses = (13) × (15)	53,252	57,911	61,756	69,788	74,610	317,317
17. Projected Adjusting & Other Loss Adjustment Expenses = (14) × (15)	6,488	7,056	7,525	8,503	9,091	38,663
18. Projected Total Fixed Expenses = (16) + (17)	59,740	64,967	69,281	78,291	83,701	355,980
Indication						
19. Credibility-Weighted Losses, DCC LAE and Fixed Expenses = (12) + (18)	229,270	236,874	246,155	263,298	276,386	1,238,161
20. Permissible Loss and Fixed Expense Ratio	81.10%	81.10%	81.10%	81.10%	81.10%	81.10%
21. Required Premium = (19) ÷ (20)	282,700	292,076	303,520	324,658	340,797	1,526,709
22. Credibility-Weighted Indicated Rate Level Change = (21) ÷ (3) - 1	2.7%	4.8%	6.2%	9.2%	11.1%	5.7%
23. Selected Rate Level Change						5.7%

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 2007 as of March 31, 2008

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.
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	7,948,759
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	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	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	15,158,462		
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	15,491,856			
2000	8,323,560	14,755,751	20,742,982	26,941,714	29,263,339	29,698,855	30,080,616	30,117,616				
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	18,519,678						
2003	6,130,770	13,403,369	22,514,045	27,412,425	30,043,913							
2004	6,211,306	17,991,073	24,573,618	35,710,176								
2005	5,536,012	13,000,094	17,802,242									
2006	3,777,822	11,029,445										
2007	5,518,740											
	<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	2.5800	1.3674	1.3405	1.1171	1.0101	1.0076	1.0012	1.0012	1.0049	1.0000	1.0000	1.0000
2 Yr Age-Ult	5.4167	2.0995	1.5354	1.1454	1.0253	1.0150	1.0073	1.0061	1.0049	1.0000	1.0000	1.0000
3 Yr Age-Age	2.7066	1.4617	1.3532	1.1691	1.0122	1.0084	1.0042	1.0051	1.0036	1.0002	1.0000	1.0000
3 Yr Age-Ult	6.4723	2.3913	1.6360	1.2090	1.0341	1.0216	1.0131	1.0089	1.0038	1.0002	1.0000	1.0000
4 Yr Age-Age	2.5593	1.4742	1.3803	1.1430	1.0267	1.0363	1.0034	1.0041	1.0033	1.0002	1.0000	1.0000
4 Yr Age-Ult	6.4031	2.5019	1.6971	1.2295	1.0757	1.0477	1.0110	1.0076	1.0035	1.0002	1.0000	1.0000
Select Age-Age	2.4832	1.4742	1.3803	1.1430	1.0267	1.0363	1.0034	1.0041	1.0033	1.0002	1.0000	1.0000
Select Age-Ult	6.2127	2.5019	1.6971	1.2295	1.0757	1.0477	1.0110	1.0076	1.0035	1.0002	1.0000	1.0000
Disposal & Severity Adjusted												
Select Age-Ult	7.4617	2.8572	1.6223	1.1557	1.0857	1.0575	0.9725	0.9787	1.0465	1.0002	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 Ending September 2007 as of March 31, 2008

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.
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	7,948,759
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	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	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	15,158,462		
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	15,491,856			
2000	8,723,560	15,116,301	20,748,982	26,948,714	29,263,339	29,698,855	30,080,616	30,117,616				
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	30,571,378							
2004	6,511,306	19,416,073	25,920,943	35,986,176								
2005	6,542,012	13,036,094	17,833,242									
2006	4,286,822	13,755,318										
2007	5,566,835											
	<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	2.4741	1.3483	1.2537	1.1173	1.0094	1.0076	1.0012	1.0014	1.0047	1.0000	1.0000	1.0000
2 Yr Age-Ult	4.7871	1.9349	1.4351	1.1447	1.0245	1.0150	1.0073	1.0061	1.0047	1.0000	1.0000	1.0000
3 Yr Age-Age	2.6648	1.4506	1.2539	1.1601	1.0118	1.0084	1.0042	1.0053	1.0034	1.0002	1.0000	1.0000
3 Yr Age-Ult	5.8127	2.1813	1.5037	1.1992	1.0337	1.0216	1.0131	1.0089	1.0036	1.0002	1.0000	1.0000
4 Yr Age-Age	2.5474	1.4631	1.2782	1.1370	1.0261	1.0293	1.0034	1.0042	1.0032	1.0002	1.0000	1.0000
4 Yr Age-Ult	5.7841	2.2706	1.5519	1.2141	1.0678	1.0406	1.0110	1.0076	1.0034	1.0002	1.0000	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 2007 as of March 31, 2008

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.
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	7,948,759
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	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	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	15,158,462		
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	15,641,857			
2000	19,437,259	20,479,553	25,043,007	28,070,215	29,786,378	29,965,894	30,093,116	30,117,616				
2001	5,737,549	10,743,016	13,648,770	17,675,495	20,538,855	20,556,910	20,551,910					
2002	8,439,368	11,180,928	16,735,412	18,932,947	18,631,862	18,825,678						
2003	19,042,526	23,992,973	29,144,091	31,528,864	32,871,384							
2004	29,480,816	34,684,589	36,676,632	40,233,179								
2005	14,966,233	20,192,708	21,413,245									
2006	17,314,832	23,206,958										
2007	19,679,255											
	<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	1.3444	1.0585	1.0903	1.0206	1.0054	1.0024	1.0009	1.0027	1.0000	1.0000	1.0000	1.0000
2 Yr Age-Ult	1.6014	1.1912	1.1254	1.0322	1.0114	1.0060	1.0036	1.0027	1.0000	1.0000	1.0000	1.0000
3 Yr Age-Age	1.2643	1.1060	1.0986	1.0573	1.0057	1.0047	1.0065	1.0060	1.0000	0.9976	1.0000	1.0000
3 Yr Age-Ult	1.6578	1.3112	1.1855	1.0791	1.0206	1.0148	1.0101	1.0036	0.9976	0.9976	1.0000	1.0000
4 Yr Age-Age	1.2633	1.1546	1.1265	1.0584	1.0156	1.0216	1.0052	1.0048	1.0005	0.9980	1.0000	1.0000
4 Yr Age-Ult	1.8198	1.4405	1.2476	1.1075	1.0464	1.0303	1.0085	1.0033	0.9985	0.9980	1.0000	1.0000

Exhibit III
Page 1

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 2007 as of March 31, 2008

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.
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	12
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	41	
1998	6	15	22	27	30	30	34	35	35	36		
1999	6	18	22	34	35	39	40	40	41			
2000	14	27	41	59	64	67	69	69				
2001	5	11	30	38	49	51	51					
2002	4	17	28	35	44	47						
2003	9	23	39	55	61							
2004	7	19	33	51								
2005	10	26	36									
2006	3	17										
2007	10											
	<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	3.3077	1.5333	1.4722	1.1667	1.0538	1.0169	1.0000	1.0133	1.0132	1.0000	1.0000	1.0000
2 Yr Age-Ult	9.5851	2.8978	1.8899	1.2837	1.1003	1.0441	1.0267	1.0267	1.0132	1.0000	1.0000	1.0000
3 Yr Age-Age	3.1000	1.5882	1.4100	1.2031	1.0510	1.0191	1.0070	1.0174	1.0096	1.0000	1.0000	1.0000
3 Yr Age-Ult	9.2535	2.9850	1.8795	1.3330	1.1080	1.0542	1.0344	1.0272	1.0096	1.0000	1.0000	1.0000
4 Yr Age-Age	2.9310	1.6000	1.3769	1.1658	1.0625	1.0374	1.0055	1.0140	1.0074	1.0000	1.0000	1.0000
4 Yr Age-Ult	8.5219	2.9075	1.8172	1.3198	1.1321	1.0655	1.0271	1.0215	1.0074	1.0000	1.0000	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 2007 as of March 31, 2008												
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.
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	12
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	28
1997	25	31	38	39	40	40	40	41	41	41	41	41
1998	24	29	32	34	36	35	34	36	36	36		
1999	30	37	39	38	38	43	43	44	43			
2000	46	50	60	68	68	68	70	69				
2001	31	39	52	52	54	52	51					
2002	34	38	47	50	50	51						
2003	49	60	67	68	69							
2004	46	66	65	65								
2005	42	57	59									
2006	44	52										
2007	52											
	<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	1.2674	1.0081	1.0076	1.0085	0.9904	1.0083	1.0000	0.9875	1.0000	1.0000	1.0000	1.0000
2 Yr Age-Ult	1.2803	1.0102	1.0021	0.9945	0.9861	0.9957	0.9875	0.9875	1.0000	1.0000	1.0000	1.0000
3 Yr Age-Age	1.3258	1.0437	1.0223	1.0176	0.9942	1.0061	1.0136	0.9917	0.9906	0.9902	1.0000	1.0000
3 Yr Age-Ult	1.4197	1.0708	1.0260	1.0036	0.9862	0.9920	0.9860	0.9728	0.9809	0.9902	1.0000	1.0000
4 Yr Age-Age	1.2983	1.0769	1.0173	1.0126	1.0190	1.0000	1.0160	1.0000	0.9928	0.9920	1.0000	1.0000
4 Yr Age-Ult	1.4686	1.1312	1.0504	1.0325	1.0197	1.0007	1.0007	0.9849	0.9849	0.9920	1.0000	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 2007 as of March 31, 2008												
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.
1992												
1993	0.222	0.153	0.153	0.153	0.181	0.167	0.195	0.181	0.167	0.167	0.167	0.167
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	0.212
1997	0.166	0.206	0.252	0.259	0.266	0.266	0.266	0.272	0.272	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	0.217		
1999	0.170	0.209	0.220	0.215	0.215	0.243	0.243	0.249	0.243			
2000	0.248	0.270	0.324	0.367	0.367	0.367	0.378	0.373				
2001	0.161	0.203	0.271	0.271	0.281	0.271	0.266					
2002	0.178	0.199	0.246	0.262	0.262	0.267						
2003	0.258	0.316	0.353	0.358	0.364							
2004	0.245	0.351	0.346	0.346								
2005	0.221	0.299	0.310									
2006	0.225	0.266										
2007	0.260											
	<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	0.060	0.003	0.003	0.003	-0.003	0.003	0.000	-0.003	0.000	0.000	0.000	0.000
2 Yr Age-Ult	0.066	0.006	0.003	0.000	-0.003	0.000	-0.003	-0.003	0.000	0.000	0.000	0.000
3 Yr Age-Age	0.075	0.014	0.007	0.005	-0.002	0.002	0.004	-0.002	-0.003	-0.003	0.000	0.000
3 Yr Age-Ult	0.097	0.022	0.008	0.001	-0.004	-0.002	-0.004	-0.008	-0.006	-0.003	0.000	0.000
4 Yr Age-Age	0.071	0.022	0.005	0.004	0.006	0.000	0.005	0.000	-0.002	-0.002	0.000	0.000
4 Yr Age-Ult	0.109	0.038	0.016	0.011	0.007	0.001	0.001	-0.004	-0.004	-0.002	0.000	0.000
Select Age-Age	0.071	0.022	0.005	0.004	0.006	0.000	0.005	0.000	-0.002	-0.002	0.000	0.000
Select Age-Ult	0.109	0.038	0.016	0.011	0.007	0.001	0.001	-0.004	-0.004	-0.002	0.000	0.000
Est Ultimate Frequency	0.369	0.304	0.326	0.357	0.371	0.268	0.267	0.369	0.239	0.215	0.272	0.212

Exhibit V
Page 1

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 2007 as of March 31, 2008

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.
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%	100.00%	100.00%	100.00%	100.00%	100.00%
1998	16.67%	41.67%	61.11%	75.00%	83.33%	83.33%	94.44%	97.22%	97.22%	100.00%		
1999	13.95%	41.86%	51.16%	79.07%	81.40%	90.70%	93.02%	93.02%	95.35%			
2000	20.29%	39.13%	59.42%	85.51%	92.75%	97.10%	100.00%	100.00%				
2001	9.80%	21.57%	58.82%	74.51%	96.08%	100.00%	100.00%					
2002	7.84%	33.33%	54.90%	68.63%	86.27%	92.16%						
2003	12.86%	32.86%	55.71%	78.57%	87.14%							
2004	10.45%	28.36%	49.25%	76.12%								
2005	16.13%	41.94%	58.06%									
2006	5.08%	28.81%										
2007	13.51%											
Averages Disposal Ratio (Excluding Most Recent Diagonal's Disposal Ratio)												
2 Yr Average	10.61%	35.15%	52.48%	73.60%	91.18%	98.55%	96.51%	95.12%	98.61%	100.00%	100.00%	100.00%
3 Yr Average	10.55%	34.38%	53.29%	73.90%	91.70%	95.93%	95.82%	95.94%	99.07%	100.00%	100.00%	100.00%
4 Yr Average	11.13%	34.12%	54.67%	76.80%	89.13%	92.78%	96.26%	96.95%	99.31%	100.00%	98.08%	100.00%
Disposal Adjustment Factors (Most Recent Diagonal's Disposal Ratio / Average Disposal Ratio)												
2 Yr Average	0.7851	1.2199	0.9038	0.9669	1.0463	1.0694	0.9651	0.9512	1.0342	1.0000	1.0000	1.0000
3 Yr Average	0.7807	1.1932	0.9178	0.9708	1.0523	1.0409	0.9582	0.9594	1.0390	1.0000	1.0000	1.0000
4 Yr Average	0.8236	1.1842	0.9415	1.0089	1.0228	1.0068	0.9626	0.9695	1.0415	1.0000	0.9808	1.0000
Disposal Adjusted Age-to-Ultimate Factors (Net Settled Losses Age-Ult Factors x Disposal Adjustment Factors)												
2 Yr Average	4.2527	2.5612	1.3877	1.1075	1.0728	1.0854	0.9721	0.9570	1.0393	1.0000	1.0000	1.0000
3 Yr Average	5.0529	2.8533	1.5015	1.1737	1.0882	1.0634	0.9708	0.9679	1.0429	1.0002	1.0000	1.0000
4 Yr Average	5.2736	2.9627	1.5978	1.2404	1.1002	1.0548	0.9732	0.9769	1.0451	1.0002	0.9808	1.0000
Selected	6.0412	2.9627	1.5978	1.2404	1.1002	1.0548	0.9732	0.9769	1.0451	1.0002	1.0000	1.0000

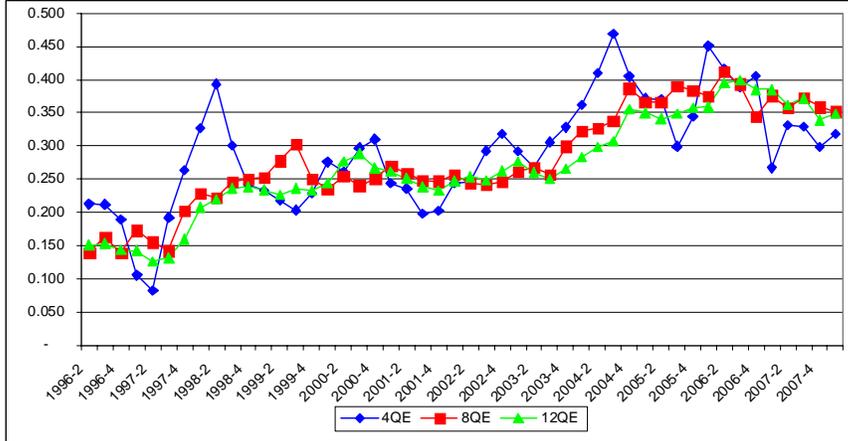
Countrywide - Personal Umbrella Liability
Nationwide Mutual and Property & Casualty Insurance Companies

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

	<u>Accident Year Year Ending September</u>									
<u>2 Year Average Estimates</u>	<u>2007</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>
Net Settled Losses & DCC LAE as of 03/31/2008	5,518,740	11,029,445	17,802,242	35,710,176	30,043,913	18,519,678	20,451,909	30,117,616	15,491,856	15,158,462
Severity Adjustment	(3,545,640)	(1,269,222)	(5,992,642)	11,492,673	4,739,344	(1,320,996)	(507,510)	1,993,561	(1,211,667)	1,003,838
Disposal Adjusted Age-to-Ult Factor	4.2527	2.5612	1.3877	1.1075	1.0728	1.0854	0.9721	0.9570	1.0393	1.0000
Severity Adjusted Ultimate Loss & DCC	35,002,449	30,230,124	27,027,519	38,313,557	31,886,085	20,214,072	19,867,141	28,908,282	16,148,304	15,158,462
Disposal & Severity Adjusted Age-to-Ult Factor	6.3425	2.7409	1.5182	1.0729	1.0613	1.0915	0.9714	0.9598	1.0424	1.0000
<u>3 Year Average Estimates</u>	<u>2007</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>
Net Settled Losses & DCC LAE as of 03/31/2008	5,518,740	11,029,445	17,802,242	35,710,176	30,043,913	18,519,678	20,451,909	30,117,616	15,491,856	15,158,462
Severity Adjustment	(3,481,940)	(471,939)	(2,875,330)	12,634,920	3,876,987	(843,429)	(925,251)	2,383,480	(1,115,604)	1,612,490
Disposal Adjusted Age-to-Ult Factor	5.0529	2.8533	1.5015	1.1737	1.0882	1.0634	0.9708	0.9679	1.0429	1.0002
Severity Adjusted Ultimate Loss & DCC	41,997,596	32,344,960	28,172,045	39,718,348	32,351,835	19,747,299	19,827,696	29,227,351	16,204,316	15,161,172
Disposal & Severity Adjusted Age-to-Ult Factor	7.6100	2.9326	1.5825	1.1122	1.0768	1.0663	0.9695	0.9704	1.0460	1.0002
<u>4 Year Average Estimates</u>	<u>2007</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>
Net Settled Losses & DCC LAE as of 03/31/2008	5,518,740	11,029,445	17,802,242	35,710,176	30,043,913	18,519,678	20,451,909	30,117,616	15,491,856	15,158,462
Severity Adjustment	(2,934,760)	592,941	(729,370)	12,581,574	4,354,556	(909,088)	(561,060)	2,410,528	(465,754)	2,395,274
Disposal Adjusted Age-to-Ult Factor	5.2736	2.9627	1.5978	1.2404	1.1002	1.0548	0.9732	0.9769	1.0451	1.0002
Severity Adjusted Ultimate Loss & DCC	41,645,618	31,513,171	28,880,440	41,270,292	32,617,986	19,584,374	19,888,761	29,477,583	16,211,544	15,161,015
Disposal & Severity Adjusted Age-to-Ult Factor	7.5462	2.8572	1.6223	1.1557	1.0857	1.0575	0.9725	0.9787	1.0465	1.0002
<u>Selected</u>	<u>2007</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>
Net Settled Losses & DCC LAE as of 03/31/2008	5,518,740	11,029,445	17,802,242	35,710,176	30,043,913	18,519,678	20,451,909	30,117,616	15,491,856	15,158,462
Severity Adjustment	(1,555,020)	592,941	(729,370)	12,581,574	4,354,556	(909,088)	(561,060)	2,410,528	(465,754)	2,395,274
Disposal Adjusted Age-to-Ult Factor	6.0412	2.9627	1.5978	1.2404	1.1002	1.0548	0.9732	0.9769	1.0451	1.0002
Severity Adjusted Ultimate Loss & DCC	41,178,979	31,513,171	28,880,440	41,270,292	32,617,986	19,584,374	19,888,761	29,477,583	16,211,544	15,161,015
Disposal & Severity Adjusted Age-to-Ult Factor	7.4617	2.8572	1.6223	1.1557	1.0857	1.0575	0.9725	0.9787	1.0465	1.0002

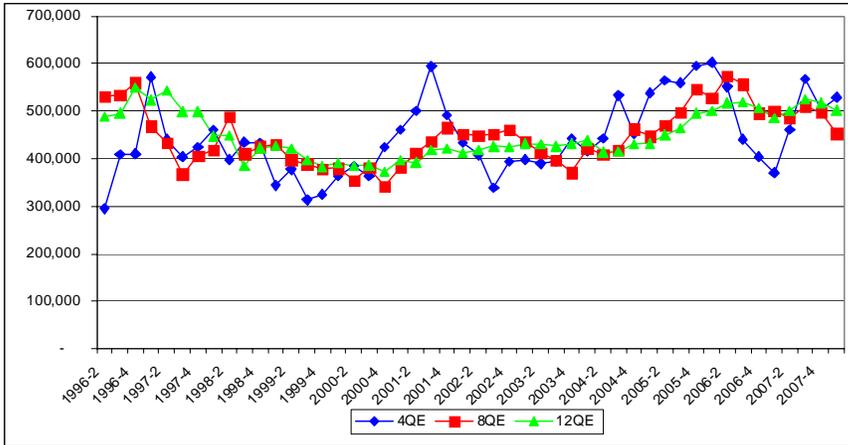
Countrywide - Personal Umbrella Liability
Nationwide Mutual and Property & Casualty Insurance Companies

Incurred Frequency (Claims Per 1,000 Earned Exposures)



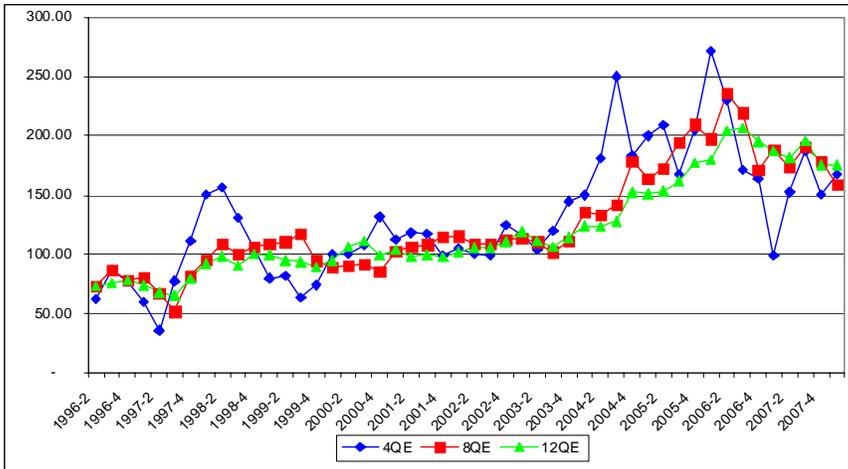
Trend Period	Frequency - Annualized Trend		
	4QE	8QE	12QE
48-Qtrs	6.4%	7.0%	8.0%
44-Qtrs	5.7%	6.0%	6.8%
40-Qtrs	4.6%	5.2%	5.8%
36-Qtrs	6.0%	5.9%	6.1%
32-Qtrs	5.5%	6.7%	6.6%
28-Qtrs	6.4%	7.2%	8.0%
24-Qtrs	2.5%	6.4%	7.5%
20-Qtrs	-1.0%	2.7%	6.4%
16-Qtrs	-7.6%	-2.6%	1.6%
12-Qtrs	-6.5%	-6.6%	-1.8%
8-Qtrs	-15.8%	-9.4%	-8.5%
4-Qtrs	-8.6%	-25.9%	-7.9%

Severity - Average Paid Cost



Trend Period	Severity - Annualized Trend		
	4QE	8QE	12QE
48-Qtrs	2.4%	1.4%	0.8%
44-Qtrs	2.7%	2.5%	1.9%
40-Qtrs	3.5%	3.0%	3.1%
36-Qtrs	4.0%	3.7%	3.7%
32-Qtrs	2.8%	3.5%	4.0%
28-Qtrs	2.3%	2.7%	3.9%
24-Qtrs	5.2%	3.7%	4.3%
20-Qtrs	3.3%	4.7%	5.1%
16-Qtrs	-1.5%	1.1%	5.2%
12-Qtrs	-6.3%	-5.8%	1.5%
8-Qtrs	8.0%	-8.9%	-0.3%
4-Qtrs	12.4%	-17.4%	-7.0%

Adjusted Loss Cost - Incurred Frequency x Average Paid Cost



Trend Period	Loss Cost - Annualized Trend		
	4QE	8QE	12QE
48-Qtrs	8.9%	8.6%	8.8%
44-Qtrs	8.5%	8.7%	8.9%
40-Qtrs	8.2%	8.4%	9.1%
36-Qtrs	10.2%	9.8%	10.1%
32-Qtrs	8.4%	10.5%	10.9%
28-Qtrs	8.9%	10.0%	12.1%
24-Qtrs	7.8%	10.2%	12.2%
20-Qtrs	2.3%	7.6%	11.8%
16-Qtrs	-9.0%	-1.5%	6.9%
12-Qtrs	-12.4%	-12.0%	-0.4%
8-Qtrs	-9.1%	-17.4%	-8.8%
4-Qtrs	2.8%	-38.8%	-14.4%

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

	Incurred Frequency (per 1,000)			Average Paid Cost			Adjusted Loss Cost		
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
2007-2	0.331	0.373	0.372	460,978	509,832	525,836	152.61	190.31	195.68
2007-3	0.330	0.359	0.339	567,826	497,093	517,565	187.19	178.24	175.62
2007-4	0.299	0.352	0.349	503,770	453,075	502,086	150.38	159.31	175.35
2008-1	0.318	0.293	0.344	528,990	448,593	500,024	167.96	131.25	172.03

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)

SERFF Tracking Number: NWPC-125816474 *State:* Arkansas
Filing Company: Nationwide Mutual Insurance Company. *State Tracking Number:* EFT \$100
Company Tracking Number: 09PUL-5776AR-KEK
TOI: 17.0 Other Liability - Claims Made/Occurrence *Sub-TOI:* 17.0021 Personal Umbrella and Excess
Product Name: Personal Umbrella Liability
Project Name/Number: PUL Rate Revision/09PUL-5776AR-KEK

Superseded Attachments

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Original Date:	Schedule	Document Name	Replaced Date	Attach Document
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No original date	Supporting Document	NAIC loss cost data entry document	09/15/2008	
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