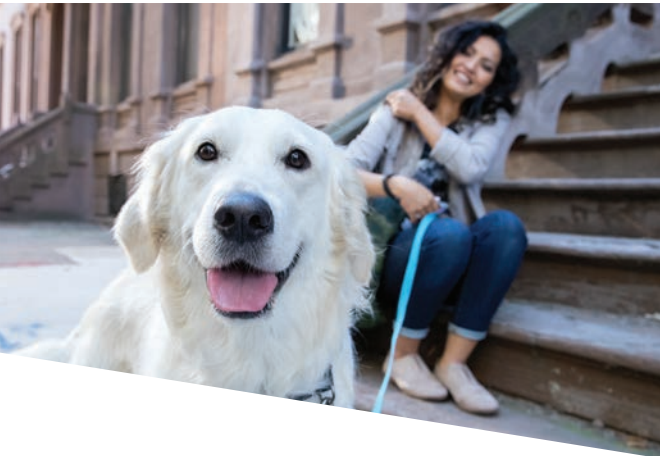




**Nationwide®**  
is on your side



**2017**  
ANNUAL REPORT



Nationwide's evolution over the last 90 years has provided a strong foundation for success. The speed and magnitude of disruption in our industries is unprecedented, and we must continue to anticipate and adapt to serve our members far into the future.

We are a big company, yet we have big hearts.  
We have a long history, yet we are forward thinking.  
We are strong and stable, yet evolving.  
We are conservative, yet fearless.

**We are Nationwide.**

## We are building on our foundation, yet planning for the future.



Looking back at 2017, it was a year of extremes for Nationwide. Our financial services business achieved record growth as more members than ever relied on us to help prepare for retirement. Our property and casualty business helped our members, partners and communities rebuild following the wrath of two hurricanes and historic wildfires. In the end, this year marked one more in which Nationwide was true to our mission and continued to fulfill our promise to protect what's most important to our members.

Although adverse weather took a toll on our property and casualty results, Nationwide's diverse portfolio again demonstrated its value. All of our businesses had a solid year in terms of sales, and overall results were bolstered by our growth in retirement plans, annuities and corporate life insurance.

Additionally, the improvements we've been implementing are working, and our business fundamentals are strong. We are paving the way for the future as we transform our company to create enhanced member experiences and more efficient operations.

Our success has always been rooted in our heritage and culture. This year, Nationwide was proud to be recognized by Fortune as one of the Top 100 Best Companies to Work For for the fourth consecutive year. This honor is a result of our strong values and talented associates who are dedicated to serving our members.

As we continue to focus on the foundation that has made Nationwide great, we recognize that the pace of change in our industry is unprecedented. We are leading the way by thinking differently. In 2017, we were pleased to officially welcome Jefferson National to our family, operating as Nationwide Advisory Solutions. This addition expands our distribution channels into the registered investment advisor domain. Investments in venture capital

opportunities, first-ever online retirement savings solutions — Guaranteed Retirement Income from Nationwide® — new technology and other areas are just a few other examples of how we are exploring this new environment.

Looking ahead, I couldn't be more optimistic. Our industry is changing, and so is Nationwide. We're making an important transformation. One for the better. And most important, one that plants the seeds for future success. Nationwide will most certainly be a different organization when we reach our centennial in 2026. We'll offer a full range of products and services, including some that may not exist today. We'll do so, however, by staying true to the values and heritage that have made us an industry leader for nearly 100 years.

**Steve Rasmussen**  
Chief Executive Officer  
Nationwide

**FORTUNE 100** company

**FORTUNE**  
100 Best Companies to Work For<sup>®</sup>

**2018 Catalyst Award** honoree

**Black Enterprise**  
50 Best Companies for Diversity

**Human Rights Campaign**  
Best Place to Work for LGBTQ Equality

**\$46 billion**  
in total sales/direct written premium

**\$562 million**  
in net operating income

# Nationwide ranks with the best.

We are focused, yet diverse.

**FINANCIAL SERVICES**

- Individual Life
- Annuities
- Retirement Plans
- Corporate Life
- Mutual Funds
- Banking







**COMMERCIAL LINES**

- Standard Commercial
- Farm and Ranch
- Commercial Agribusiness
- Excess and Surplus/Specialty

**PERSONAL LINES**

- Standard Auto
- Homeowners and Renters
- Pet
- Sport Vehicles
- Personal Liability

<p><b>#1</b></p> <p>in 457 plans, based on number of plans</p> <p>PLANSPONSOR, 2017 Recordkeeping Survey</p>	<p><b>#1</b></p> <p>total small business insurer</p> <p>Conning, 2014; Conning Strategic Study: The Small Business Sector for Property-Casualty Insurance: Market Shift Coming</p>	<p><b>#1</b></p> <p>writer of farms and ranches</p> <p>A.M. Best, 2016 DWP</p>
<p><b>#8 provider</b></p> <p>of defined contribution plans</p> <p>PLANSPONSOR, 2017 Recordkeeping Survey</p>	<p><b>2nd largest</b></p> <p>domestic specialty (Excess &amp; Surplus) commercial lines insurer</p> <p>A.M. Best, 2016 DWP</p>	<p><b>7th largest</b></p> <p>homeowners insurer</p> <p>A.M. Best, 2016 DWP</p>

<p></p> <p><b>#1 writer</b></p> <p>of corporate life</p> <p>IBIS Associates, Inc., February 2018</p>	<p></p> <p><b>7th largest</b></p> <p>commercial lines insurer</p> <p>A.M. Best, 2016 DWP</p>	<p></p> <p><b>8th largest</b></p> <p>auto insurer</p> <p>A.M. Best, 2016 DWP</p>
<p></p> <p><b>8th largest</b></p> <p>life insurer</p> <p>LIMRA, YE 2016. Based on total premiums</p>	<p></p> <p><b>7th largest</b></p> <p>writer of variable annuities</p> <p>Morningstar, YE 2016. Based on total flows</p>	<p></p> <p><b>#1 pet</b></p> <p>insurer</p> <p>North American Pet Health Insurance Assn., 2016</p>

# Responding to the emerging needs of our members.



Self-driving cars. Artificial intelligence. Smart homes. The next generation of insurance and financial services will look markedly different than it does today and will continue to change significantly over the next several decades.

That's why Nationwide is committing focus, resources and dollars (more than \$100 million of venture capital) to invent and reinvent customer-centric solutions that help members across our existing and emerging businesses:

Live comfortably in retirement

Meet their insurance and financial needs in innovative and digital ways

Protect their data and digital assets

Protect them in the evolving area of mobility

"With technology and consumer preferences changing exponentially, we need to stay on top of trends in the marketplace and develop solutions that will grow our business and serve our members in the best possible

ways — possibly in ways that don't even exist today," said Terrance Williams, chief marketing officer for Nationwide and president of emerging businesses, which includes Nationwide Bank, innovation and pet/specialty insurance.

Nationwide has already invested in innovative member solutions with the recent launch of Guaranteed Retirement Income from Nationwide, Amazon Alexa integration for SmartRide®, and a strategic relationship with Sure to digitally distribute renters insurance.

In addition to these efforts, Nationwide launched Nationwide Ventures in early 2016 to invest in startup companies that are transforming the insurance and financial services industry. Nationwide Ventures has made eight investments to date, including bloom, Insurify, Matic, Nexar, Next Insurance and Sure.

"As we approach our centennial anniversary in 2026, we expect to look like a different kind of company," said Williams. "We will be a company that excels in its core businesses while building the platform and foundation for the future."

“As we approach our centennial anniversary in 2026, we expect to look like a different kind of company. We will be a company that excels in its core businesses while building the platform and foundation for the future.”

— Terrance Williams, chief marketing officer and president of emerging businesses



To learn more, visit  
[nationwide.com/innovation](http://nationwide.com/innovation)



By 2026, we expect about  
**17 percent**  
of our enterprise sales to come  
from innovative solutions.

Nationwide is committing more than  
**\$100 million**  
of venture capital to invent and reinvent  
customer-centric solutions.

# Introducing new ways to invest.



## For more than 70 of our 90-plus years, Nationwide has offered solutions to help people plan for their financial futures.

It's a history that continues today through some notable new investment options delivered through new channels.

In 2017, Nationwide acquired Jefferson National, an industry-leading distributor of tax-advantaged investing solutions for registered investment advisors (RIAs), fee-based advisors and the clients they serve.

"This move helps us meet the needs of more savers and offer solutions regardless of their preference to work with an advisor who is fee- or commission-based," said Kirt Walker, president and chief operating officer of financial services for Nationwide.

The expanded expertise has already produced tangible results. Last fall, Nationwide launched three strategic beta

exchange-traded funds (ETFs) with new distribution options empowered by the talent that joined the team.

Nationwide's strategic beta ETFs provide investors with options to manage risk, enhance diversification and reduce volatility in their portfolios.

These ETFs join Nationwide mutual funds that go as far back as the 1930s. ETFs have gained popularity with investors for advantages such as lower expenses, tax efficiencies, and ease of buying and selling.

"We have a history of helping people prepare for the future," Walker said. "We're going to keep leveraging our many strengths to do that in new ways."

### FINANCIAL SERVICES

**\$27.3 billion**  
in sales

**\$65.6 billion**  
in assets under management — mutual funds

“ We have a history of helping people prepare for the future. We're going to keep leveraging our many strengths to do that in new ways. ”

*— Kirt Walker, president and chief operating officer of financial services*



To learn more, visit [nationwide.com/retirement](https://nationwide.com/retirement)

# Encouraging safe driving with smart technology.



Nationwide has long been committed to encouraging safe driving, and it's this commitment that led to our integration with Amazon Alexa.

Nationwide SmartRide members who use the SmartRide plug-in device can now use Alexa to access personalized driving information.

Members can ask Alexa about their driving habits and get information on a variety of statistics, including mileage, hard braking and accelerating, idle time, nighttime driving and discounts. For example:

“Alexa, ask Nationwide how many miles I’ve driven.”

“Alexa, ask Nationwide to check my nighttime driving.”

“Alexa, ask Nationwide what my final discount is.”

Through SmartRide, Nationwide’s usage-based insurance program, the company collects critical pieces of data that have been identified as leading contributors to auto accidents.

Providing drivers with information about their driving habits can help them adjust their habits behind the wheel, making roads safer for everyone and providing the potential for lower premiums.

“SmartRide is an industry-leading effort to help make us all better and safer drivers,” said Sam Rassekh, vice president of digital optimization for Nationwide.

“We put our members at the center of every decision, so our commitment to digital advancement creates a better experience with Nationwide and the valuable services and offerings we carry.”

“ We put our members at the center of every decision, so our commitment to digital advancement creates a better experience with Nationwide and the valuable services and offerings we carry. ”

– Sam Rassekh, vice president of digital optimization



To learn more about SmartRide, visit [nationwide.com/getsmarride](http://nationwide.com/getsmarride)



**8th largest**  
auto insurer

PERSONAL LINES

**\$11.3 billion**  
in direct written premium

# For your small business side, there's Nationwide.



As the No. 1 total small business insurer, Nationwide is experienced at helping small business owners recover when trouble strikes.

However, we're also partnering to help small business owners proactively protect themselves from a variety of threats and find ways to operate more successfully.

As part of this effort, Nationwide launched the Business Solutions Center in 2017, a new website that can support small businesses during key stages of development. The site provides information and tools on topics from marketing to cash flow management plus other industry-specific resources. It also links users to other sources of information that support entrepreneurs, including Nationwide's My Loss Control Services website and team of risk management and safety consultants.

"The simplicity of this site is helpful," said Kenny Sipes, founder of The Roosevelt Coffeehouse, an Ohio business

and social enterprise that fights hunger, works to combat human trafficking and supports clean water initiatives. "I was able to determine exactly what I would use and how I would use it. I don't think there are any big sites that are providing this information as simply."

While becoming informed is a good first step, more than 500,000 small businesses have taken the next step to work with Nationwide to protect and continue to build their businesses.

"Business owners are the backbone of our economy," said Mark Berven, president and chief operating officer of property and casualty for Nationwide. "Whether it's planning for leadership succession or enduring an unexpected event like a cyberattack, the viability of businesses across the country is a requirement for a healthy economy that we can't ignore."

**#1 total**  
small business insurer

COMMERCIAL LINES

**\$7.6 billion**  
in direct written premium

“Business owners are the backbone of our economy.”

— Mark Berven, president and chief operating officer of property and casualty



To learn more, visit [nationwide.com/bizsolutions](http://nationwide.com/bizsolutions) and [mylosscontrolservices.com](http://mylosscontrolservices.com)



# Making it easier to protect the things you care about.



## Apartment shoppers can now shop for and purchase renters insurance with Nationwide from the palm of their hand.

Earlier this year, Nationwide joined forces with Sure — the developer of the nation's first on-demand insurance mobile app — to enable consumers in select states to purchase renters insurance from their mobile device.

Using the Sure app, consumers can now get a quote, purchase a policy and pay their Nationwide renters insurance premiums via a mobile app.

This new offering expands the relationship Nationwide had with Sure when the company launched a travel insurance product in 2016 to protect members against the costs of travel-related accidents.

Nationwide is the first national carrier to offer renters insurance via a mobile app.

By making renters insurance more readily available, Nationwide is filling a big need — a recent survey conducted by the company indicates that more than half of the 1,000 millennials surveyed do not have it.

However, more than two-thirds of those surveyed indicated they stood to lose more than \$5,000 worth of belongings should an unfortunate event occur, while three-fourths did not know the relatively low cost of renters insurance.

“The new offering on Sure's platform is designed to enable renters with insurance options through a fast, automated and secure mobile experience,” said Wayne Slavin, CEO of Sure. “This partnership with Nationwide will allow us to provide customers the stability and credibility to protect their most valuable possessions.”

Nationwide is the first national carrier to offer renters insurance via a mobile app.



**7th largest**  
homeowners insurer



To learn more, visit [nationwide.com/insurance](https://nationwide.com/insurance)

# Saving lives in rural America.



## Nationwide was founded by farmers, so we've always paid special attention to the needs of the agriculture community.

It's part of what has made us the No. 1 farm insurer in the U.S. and a leading commercial agribusiness insurer.

That attention includes helping farmers and those who work in agribusiness stay safe. Each year, with the help of other sponsors, Nationwide provides grain bin rescue tubes and training to fire departments serving large rural farming communities. Since 2014, we've reached 48 fire departments in 18 states through our annual Grain Bin Safety Week — Nominate Your Fire Department contest.

"The program that's out there for these tubes and training is such a life-saving resource in our county," Glenville (Minn.) Fire Chief Matt Webb said.

Webb's fire department saved a local farmer in August, two years after the department was awarded the rescue equipment and training through Nationwide. It was the second life saved by participating departments to date.

"It only takes seconds to become entrapped in grain and less than a minute to become completely engulfed," said

Brad Liggett, president of agribusiness for Nationwide. "Until we can convince all farmers and other grain handlers to develop a zero-entry mentality, we will strive to make tubes and rescue training as widely available as possible."

In another effort to increase safety, Nationwide also introduced Hazard Spotter<sup>SM</sup> — a first-of-its-kind training app for both iPhone and Android devices. It's a realistic, first-person view of an employee who must complete maintenance tasks in a grain storage facility.

"I grew up with Atari and Nintendo," said Ryan Janssen, a 40-year-old Gen Xer who helped test the app and works as the environmental health and safety director at Key Cooperative in Iowa. "That's what got me excited about this initially. It teaches our employees the skills we want them to have in a format they are familiar with — and it has the potential to bridge the gap between older and younger generations."

“ Until we can convince all farmers and other grain handlers to develop a zero-entry mentality, we will strive to make tubes and rescue training as widely available as possible. ”

— Brad Liggett,  
president of agribusiness



**#1 writer**  
of farms and ranches



To learn more, visit [nationwide.com/agribusiness](http://nationwide.com/agribusiness)

# Innovating to solve retirement challenges.



Nationwide is a leader in helping Americans save for retirement, and we continued that tradition in 2017 while also introducing tools to help make retirement easier once savers reach that milestone.

Saving for retirement can be difficult, especially for middle-income consumers. Retirement products are often complex, and many workers struggle to balance the financial demands of today with saving for tomorrow while also worrying about market volatility.

So we launched Guaranteed Retirement Income from Nationwide — a direct-to-consumer pilot program to provide guaranteed retirement income every month for life in exchange for small, consistent contributions over time.

It's an example of how we're taking a different approach to addressing retirement savings challenges.

"Nationwide is committed to providing innovative solutions that can help bridge the gap between what people need to live a financially secure retirement and what they're actually saving," said Kirt Walker, president and chief operating officer of financial services for Nationwide.

Our Care Concierge program is another progressive approach to addressing challenges retirees may have. Introduced in 2017, Care Concierge is a no-cost service for owners of select variable annuities.

The Nationwide Care Concierge service helps members navigate through trouble spots such as finding a nursing home for ailing parents, resolving health care issues and accessing counseling services. It is a confidential service that provides 24-hour access to help with many of the questions and issues that come up in retirement.

"We're always looking for ways to help people be more prepared for retirement," Walker said. "And enjoy the retirement they deserve."

**#8 provider**  
of defined contribution plans



To learn more, visit  
[nationwide.com/retirement](https://nationwide.com/retirement)



**7th largest**  
writer of variable annuities

# In times of crisis, Nationwide is there.



## The Tubbs Wildfire that struck northern California took Ralph Casale's house fast.

"When we left, I really thought we'd be coming back at some point," Casale said. "We literally only had the clothes on our back and maybe one or two other things in a duffel bag, and that was it."

But Nationwide was there to help Casale's family and thousands of others across the country deal with an unprecedented level of destruction from hurricanes, wildfires and other natural disasters in 2017.

Deploying claims associates, activating mobile catastrophe response units and providing basic necessities for members in their devastated communities were all components of delivering on our On Your Side® Promise.

Advancements in technology such as drones, aerial imagery and remote video consultation helped Nationwide assist members with their claims.

"Nationwide has been a parachute for us, really," Casale said. "We felt like they were able to stop that freefall or at least slow it down and help us get started again."

Nationwide is built for stability — even when dealing with a once-in-a-lifetime series of events.

"Being there for our members at times like this is why we exist," CEO Steve Rasmussen said. "We have the strength to be able to focus on helping our members solve their crises and not have to worry about facing one ourselves."

Nationwide will be part of the Casales' recovery from the wildfire.

"When it's time to rebuild — and we want to rebuild — having Nationwide backing us up is going to be a huge thing going forward, and we really appreciate that," Casale said.

“ Nationwide has been a parachute for us, really. We felt like they were able to stop that freefall or at least slow it down and help us get started again. ”

– Ralph Casale, Nationwide member



To learn more about our catastrophe response, visit [nationwide.com/cat](http://nationwide.com/cat)



In 2017 we served more than  
**26,000**  
members affected by major  
natural catastrophes.

**\$18.7 billion**  
paid in claims and other benefits to members in 2017

We're a  
big company,  
yet we have  
big hearts.



Since its inception in 2014, the Nationwide Foundation Pediatric Innovation Fund has helped support key clinical and research efforts at Nationwide Children's Hospital. Last year, the Innovation Fund helped make possible the recruitment of world-renowned researchers to lead the new Institute for Genomic Medicine — one of the first ventures into pediatric personalized genomic medicine at any children's hospital.

Less than one year since the launch of the Institute, approximately 40 children and their families have entered a new program with the goal of finding genetic linkages and possibly enhanced treatment options for their various conditions.

## MAKE SAFE HAPPEN<sup>®</sup>

Nationwide's Make Safe Happen<sup>®</sup> program celebrated the second annual Home Fire Drill Day last October, a safety awareness event developed to encourage families across the country to practice fire drills at home. Caregivers were given access to life-saving tips, safety information and fire drill games at HomeFireDrillDay.com, as well as the Make Safe Happen app.

As part of Make Safe Happen, Nationwide has partnered with the American Red Cross to install nearly 1 million smoke alarms in homes across the country.

Together with its Advisory Council, including Nationwide Children's Hospital and Safe Kids Worldwide, the Make Safe Happen program has delivered over 5.4 million safety actions to date in 2017 with the goal of reducing childhood accidental injury and death.



To learn more and take action, visit [makesafehappen.com](http://makesafehappen.com)



# Giving is part of who we are.



The Nationwide Foundation supports Feeding America, its National Produce Program and 22 of its member food banks across the nation, granting more than \$14.2 million since 2000. Last year, Nationwide associates raised nearly 3.5 million meals\* for Feeding America food banks.



Our associates have been giving to United Way since our first workplace campaign in 1951. The Nationwide Foundation began matching their contributions dollar for dollar in the 1960s. Our associates, partners and retirees have pledged more than \$136.9 million since 2000.



Giving blood has been a tradition at Nationwide since 1944. And today, we work with blood partners across the country, giving around 16,000 pints annually. As a founding member of the Annual Disaster Giving Program, the Nationwide Foundation helps the Red Cross with immediate resources to respond to disasters. Since 2000, the Nationwide Foundation has contributed \$16.5 million to American Red Cross disaster relief.



For more than 60 years, Nationwide has been working with Nationwide Children's Hospital to help ensure every child has access to quality medical care. In 2014, the Nationwide Foundation established the Nationwide Foundation Pediatric Innovation Fund with \$40 million in grants committed since that time to support key clinical and research efforts.



More than **\$430 million** contributed to nonprofit organizations by the Nationwide Foundation since 2000



To learn more about our giving and volunteerism, visit [nationwide.com/corporatecitizenship](http://nationwide.com/corporatecitizenship)

## There's strength in our numbers.



Nationwide's breadth of financial services, commercial and personal lines solutions enabled us to continue to drive strong results during a year marked by significant weather activity and several macroeconomic and industry disruptions.

Nationwide drove profitable growth and maintains an exceptionally strong capital position, despite record property and casualty industry catastrophe losses in 2017. Many product lines performed well, helping to offset those few areas that were pressured during the year.

### A few highlights include:

Total sales of \$46.5 billion and \$27.5 billion in operating revenue, with solid sales results across all major product lines

Financial services' sales growth of 17 percent was driven by strong competitive products and a focus on new and emerging distribution channels

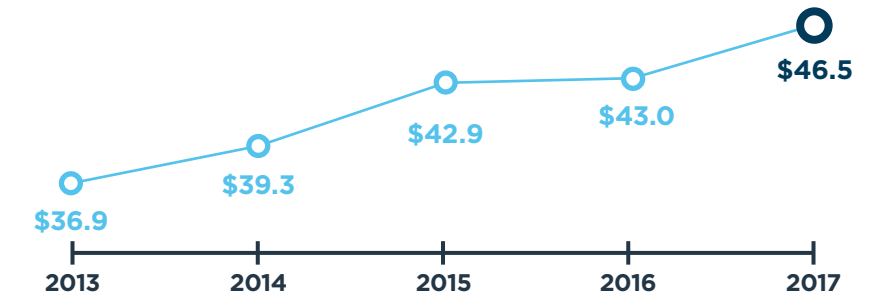
Steady improvement in standard auto profitability, driven by efforts to address industrywide loss trends in this product line

The impact of tax reform on our 2017 results was not significant due to the diversity of our product offerings. While catastrophe activity put pressure on our profitability in certain lines, our financial foundation is strong because we reserve capital for these types of losses. As a result, we are able to continue our focus on protecting what's most important for our members and building for the future.

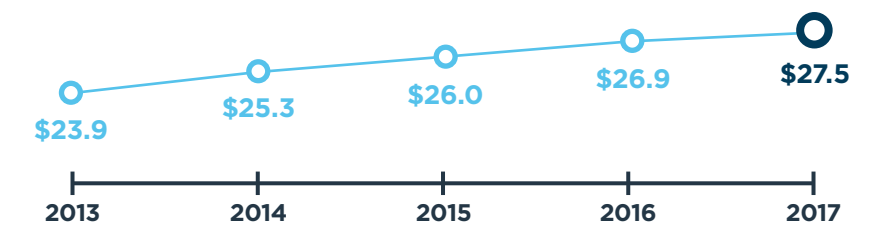
Mark Thresher  
Chief Financial Officer  
Nationwide

## Enterprise financials

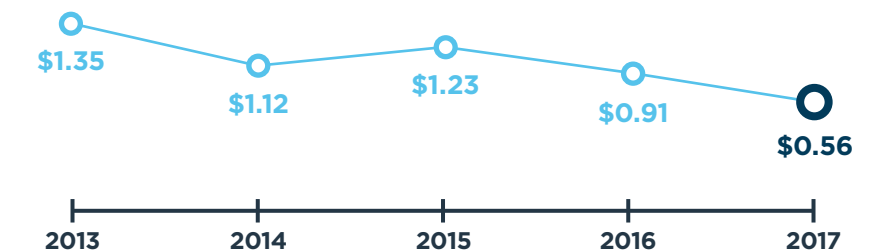
### Total sales (in billions)



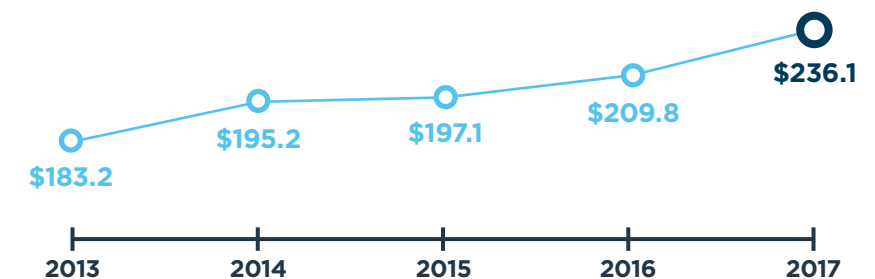
### Operating revenue (in billions)



### Net operating income (in billions)



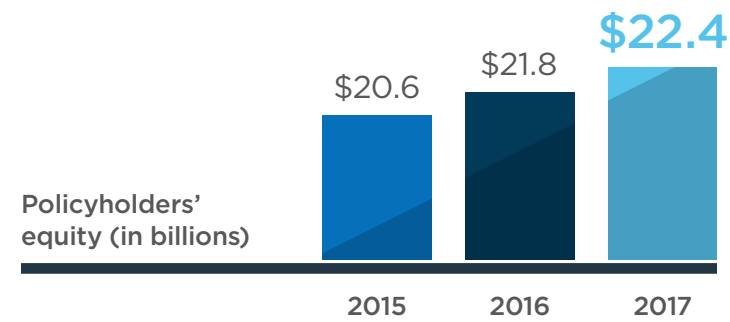
### Total assets (in billions)



## We're well positioned to face whatever the future brings.

### Capital strength

Nationwide's capital position remains strong. Statutory surplus — a measure of financial strength and claims-paying ability evaluated by regulators and rating agencies — was \$14.7 billion. Total policyholders' equity increased to \$22.4 billion, compared to \$21.8 billion at the end of 2016.



### Investments

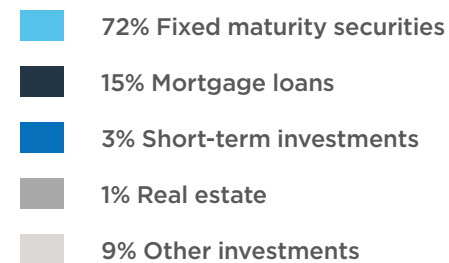
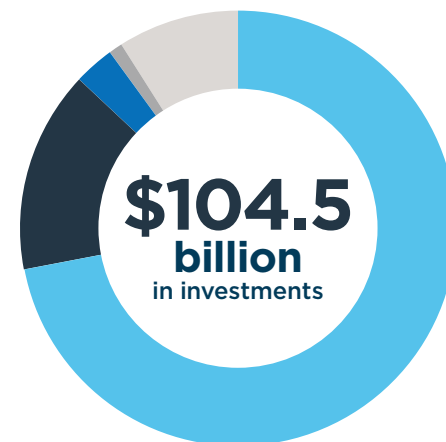
Our investment strategy's primary focus is to meet members' needs — helping them protect what matters most and support their plans for the future. How do we do that? By striving for superior investment results that help to ensure Nationwide's financial strength and stability. We accomplish this through:

Investment discipline, teamwork and a deep understanding of Nationwide's investment needs

Ongoing analysis of macroeconomic trends, market opportunities, and forward-looking views, coupled with robust and rigorous risk management

An experienced, multi-asset class investment team with strong market expertise

In 2017, total investments increased to \$104.5 billion, up from \$96.6 billion in 2016. Net investment income of \$3.9 billion was up from 2016, driven primarily by fixed maturity income from an increase in average balances.



### Risk management

Risk management is an integral part of ensuring that we deliver on the promises we have made to our members. We do this through growing our business, maintaining capital strength to withstand unexpected events and ensuring adequate returns for the risks we take. Nationwide has developed a well-respected risk management discipline for identifying, assessing and managing risks throughout the organization.

### Enterprise financial strength ratings

Nationwide's financial strength and credit ratings were affirmed by rating agencies during their most recent reviews. Factors cited to support these ratings include:

Strong capital position

Excellent risk management capabilities

Product and distribution breadth

Diversified businesses with market leadership position

A+

A.M. Best

received 10/17/2002  
affirmed 10/2/2017

A1

Moody's

received 3/10/2009  
affirmed 11/7/2017

A+

Standard  
& Poor's

received 12/22/2008  
affirmed 5/24/2017



# Combined balance sheets



(in millions)	December 31,	
	2017	2016
<b>ASSETS</b>		
<b>Investments</b>		
Fixed maturity securities, available-for-sale	\$ 75,744	\$ 69,959
Mortgage loans, net of allowance	15,364	13,467
Policy loans	1,036	995
Real estate, net of accumulated depreciation	1,280	1,242
Short-term investments	2,934	3,363
Other investments	8,182	7,573
<b>Total investments</b>	<b>\$ 104,540</b>	<b>\$ 96,599</b>
Cash and cash equivalents	533	632
Accrued investment income	779	768
Premiums in course of collection, net of allowance	4,156	4,282
Deferred policy acquisition costs	6,943	6,752
Reinsurance recoverables, net of allowance	6,035	4,832
Other assets	8,240	7,512
Separate account assets	104,866	88,400
<b>Total assets</b>	<b>\$ 236,092</b>	<b>\$ 209,777</b>

(in millions)	December 31,	
	2017	2016
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
Property and casualty loss and loss expense reserves	\$ 21,389	\$ 19,851
Future policy benefits and claims	59,540	52,564
Unearned premiums	7,958	8,122
Short-term debt	734	1,064
Long-term debt	5,162	4,807
Customer bank deposits	4,785	4,785
Other liabilities	8,243	7,552
Separate account liabilities	104,866	88,400
<b>Total liabilities</b>	<b>\$ 212,677</b>	<b>\$ 187,145</b>
<b>Equity</b>		
<b>Policyholders' equity</b>		
Retained earnings	\$ 20,931	\$ 20,807
Accumulated other comprehensive income	1,500	966
<b>Total policyholders' equity</b>	<b>\$ 22,431</b>	<b>\$ 21,773</b>
Noncontrolling interests	984	859
<b>Total equity</b>	<b>\$ 23,415</b>	<b>\$ 22,632</b>
<b>Total liabilities and equity</b>	<b>\$ 236,092</b>	<b>\$ 209,777</b>

# Combined statements of operations



(in millions)	Year ended December 31,	
REVENUES	2017	2016
Property and casualty insurance premiums	\$ 18,782	\$ 18,914
Life insurance premiums	883	930
Life insurance policy charges	2,532	2,349
Net investment income	3,904	3,397
Net realized investment gains, including other-than-temporary impairment losses	217	4
Other revenues	1,184	1,037
<b>Total revenues</b>	<b>\$ 27,502</b>	<b>\$ 26,631</b>

(in millions)	Year ended December 31,	
BENEFITS AND EXPENSES	2017	2016
Incurring property and casualty loss and loss expenses	\$ 15,370	\$ 14,329
Life insurance benefits and claims	1,420	1,482
Interest credited to life policyholder accounts	1,872	1,425
Amortization of deferred policy acquisition costs	3,472	3,545
Other expenses, net of deferrals	5,357	5,336
<b>Total benefits and expenses</b>	<b>\$ 27,491</b>	<b>\$ 26,117</b>
<b>Income before federal income taxes and noncontrolling interests</b>	<b>\$ 11</b>	<b>\$ 514</b>
Federal income tax benefit	261	193
<b>Net income</b>	<b>\$ 272</b>	<b>\$ 707</b>
Loss attributable to noncontrolling interests, net of tax	116	113
<b>Net income attributable to Nationwide</b>	<b>\$ 388</b>	<b>\$ 820</b>

# Statutory financial highlights



Nationwide prepares financial statements using generally accepted accounting principles (GAAP), which are a common set of accounting principles, standards and procedures that companies across different industries use to compile their financial statements.

As an insurance company, Nationwide also prepares financial statements following statutory accounting principles, which are a set of accounting rules for insurance companies set forth by the National Association of Insurance Commissioners (NAIC).

Statutory accounting principles are generally regarded as more conservative than GAAP. Statutory financial information is the basis for state regulation of insurance companies' solvency throughout the U.S. Additionally, rating agencies use statutory financial information in their evaluation of an insurance company's financial strength.

(in billions)



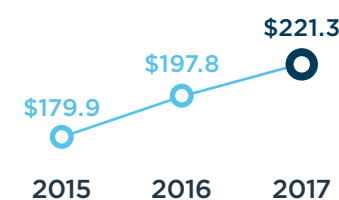
## Combined statutory revenue

Combined statutory revenue is a financial measure that is calculated by combining the statutory revenues of Nationwide's property and casualty and financial services subsidiaries. It excludes noninsurance sales, such as trust company and retail mutual funds.



## Combined statutory surplus

Combined statutory surplus is a financial measure of Nationwide's ability to meet future obligations, which is calculated based on accounting practices prescribed or permitted by the department of insurance of the state of domicile. Each of the states where Nationwide's insurance companies are domiciled has adopted the NAIC statutory accounting principles as the basis of its statutory accounting practices.



## Combined statutory assets

Combined statutory assets is a financial measure that is calculated by combining the net admitted statutory assets of Nationwide's property and casualty and financial services subsidiaries.



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