

Windpool Survey 2014

Introduction to Wind Pool Survey Report

Sources: The information included here comes mainly from updated responses to a survey of state residual market insurers—wind pools—that write wind-only policies. Where we were able, we supplemented the responses with additional research. Additional sources include:

- State statutes
- Plans of operation
- Manual rules
- Policy forms
- Wind pool websites
- PIPSO 2014 Compendium of Property Insurance Plans
- AON Benfield *Coastal Property Residual Markets Overview (2012)*

Wind Only: The results of this survey contain information only on wind pools that write wind-only or wind & hail-only policies. Although some of the insurers are FAIR Plans, we included only data from their wind-only policies for most questions. We did not include information from plans that do not write wind-only policies because that information does not provide a meaningful comparison to the Texas Windstorm Insurance Association.

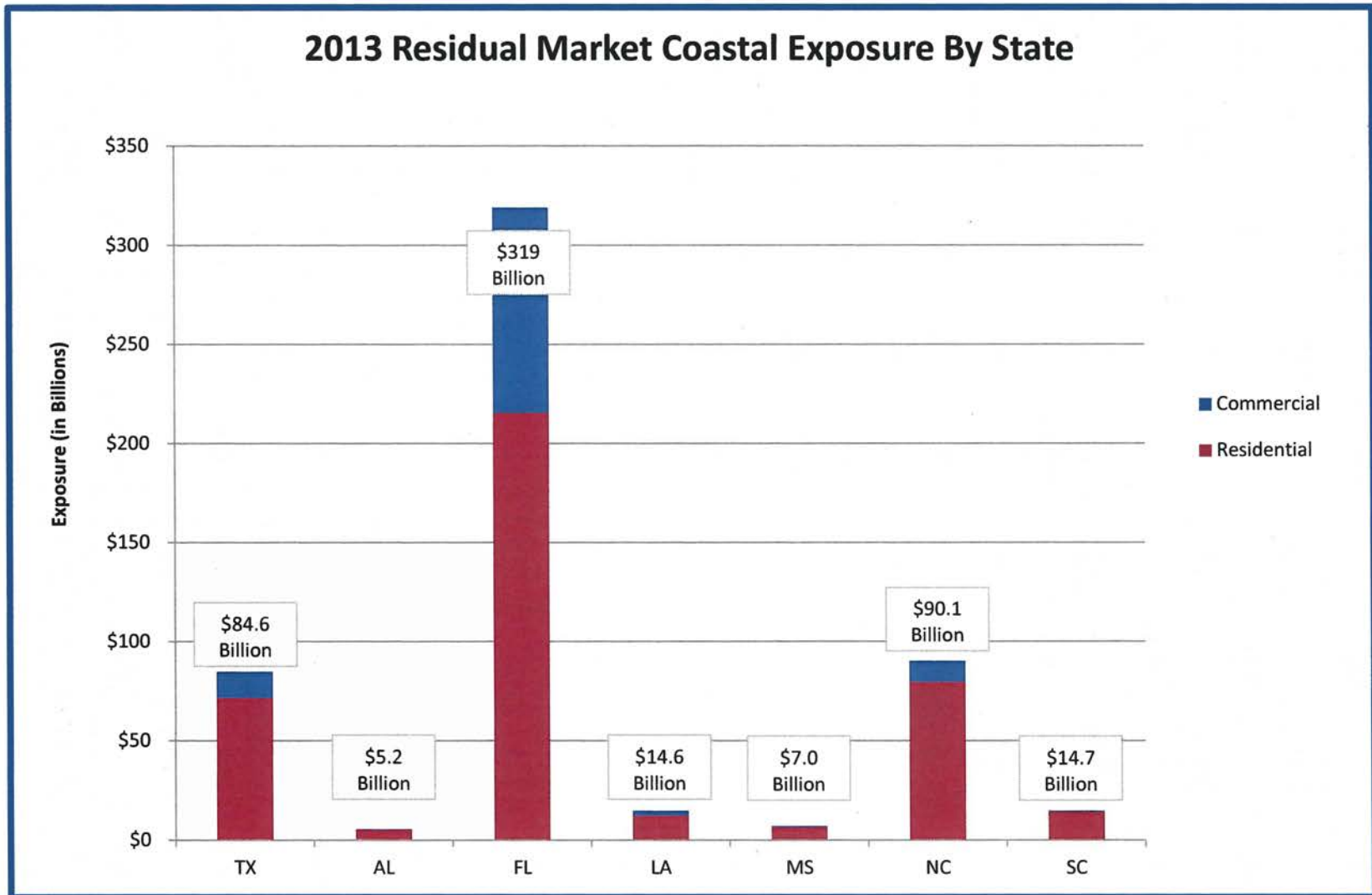
State Responses: We surveyed and received responses from six wind pool states: Alabama, Florida, Louisiana, Mississippi, North Carolina, and South Carolina.

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1. What is the total exposure of the coastal pools in other coastal states as compared to TWIA?



2.(a). What are the various elements of coverage that have become available to TWIA policyholders, and when did they become available?

| 1972 | 1976 | 1981 | 1982 | 1993 | 2001 | 2006 | 2011 | 2012 |
|---|---|---|--|--|---|---|--|--|
| Texas Standard Policy – Wind and Hail issued for residential and commercial risks. Builders risk coverage available by endorsement. | Mobile Home Windstorm and Hail Insurance Policy approved. | Replacement cost coverage became available for personal property. | Replacement cost coverage for dwellings and commercial buildings approved. | TWIA required to provide coverage for wind-driven rain, ALE, and consequential loss if excluded from the companion policy. | Business income coverage and extra expense coverage approved for commercial policies. | Increased cost of construction approved for dwelling and commercial policies. | Mobile Home Policy discontinued. Mobile home insurance provided on the Dwelling policy by endorsement. | Automatic adjusted building cost endorsement approved for dwelling policies. |

For more detailed information, please see next page.

2.(b). What are the various elements of coverage that have become available to TWIA policyholders, and when did they become available?

Texas Windstorm Insurance Association

The following is a brief summary of the various elements of coverage that have become available to TWIA policyholders and when the various elements of coverage became available.

Note: Coverage written through TWIA is subject to a maximum limit of liability.

Section I – TWIA Residential and Commercial Policy Coverage History

Texas Standard Policy – Windstorm and Hail

1972 - 1985 – There was one policy, Texas Standard Policy – Windstorm and Hail, for both residential and commercial risks.

1985 – the Texas Standard Policy – Windstorm and Hail was streamlined by deleting language not applicable to the Texas Catastrophe Property Insurance Association. Coverage remained essentially the same as the coverage provided since 1972. The following is a brief summary of the significant elements of coverage provided by the policy.

Described property is covered for direct loss resulting from the *perils of windstorm and hail*. Described property includes:

- **Buildings** (commercial or residential) – described building.
- **Dwelling extension** – excess insurance on items such as fences, yard fixtures, private garages, servants' houses, and other outbuildings on the premises of the dwelling.

Aggregate of the extension not to exceed 10% of the amount of insurance on the dwelling.

- **Household goods** – personal property usual to a residence.
- **Household goods extension** – up to 10% of the limit for household goods may be used for household goods temporarily removed to any location in U.S., Canada or Mexico or household goods of servants while on premises and of others in the custody of the insured.
- **Stock** – merchandise (finished, in process or unfinished).
- **Furniture, fixtures and/or machinery** – includes improvements and betterments.
- **Contents** – all property covered under stock, furniture, fixtures and/or machinery.
- **Platform clause** – contents on yards immediately adjacent the described building.

The following perils were not covered under the policy.

- **Rain** – whether driven by wind or not, damage to the interior of the building or insured property contained in the building was not covered unless wind or hail first makes an opening in the walls or roof and the insured property or interior of the building is damaged by the rain immediately entering the building through such opening.
- **Loss caused by tidal wave, high water, or overflow** – whether driven by wind or not was not covered.

Actual cash value coverage. The policy paid for loss or damage to covered property on an *actual cash value* basis (replacement cost minus depreciation equals actual cash value). Refer to Section II –

TWIA Other Coverage History replacement cost coverage for further description.

A *deductible* was applied separately to a loss for each item of insurance.

- Dwelling or property located in the dwelling. Deductible was \$250 or 1%, whichever was greater.
- Other than dwelling items, deductible was \$500 or 2%, whichever was greater.

TWIA Dwelling Policy and TWIA Commercial Policy

1999 – to present two separate policies, TWIA Dwelling Policy and TWIA Commercial Policy.

TWIA Dwelling Policy

The following is a brief summary of the significant elements of coverage provided by the TWIA Dwelling Policy.

Described property is covered for direct loss resulting from the *perils of windstorm and hail*. Described property includes:

- **Dwelling** – described dwelling.
- **Other structures on the described location** – Total limit of 10% of the amount of insurance on the dwelling. This is not additional insurance and it does not increase the amount of insurance on the dwelling.
- **Personal property** – personal property usual to a residence. Up to 10% of the limit for personal property may be used for personal property while anywhere in the world. This is not additional insurance and it does not increase the amount of insurance for personal property.

- **Property of others** – at the insured's request, up to 10% of the limit for personal property may be used to cover property of others in the custody of the insured and located on the described premises.

The following perils are not covered under the policy.

- **Rain** – whether driven by wind or not, damage to the interior of the building or insured property contained in the building is not covered unless wind or hail first makes an opening in the walls or roof and the insured property or interior of the building is damaged by the rain immediately entering the building through such opening. Refer to indirect loss coverage below for further description.
- **Loss caused by flood, storm surge, tidal wave, high water, or overflow** – whether driven by wind or not was not covered.
- **Mold** – refer to Section II – TWIA Other Coverage History 2003 below for a description.

Replacement cost coverage. If at the time of a covered loss the limit of insurance for the dwelling is *80% or more of the full replacement cost of the dwelling*, the policy pays the cost to repair or replacement cost of the damaged building(s), *without deduction for depreciation*.

Actual cash value coverage. If at the time of a covered loss the limit of insurance for the dwelling is *less than 80% of the full replacement cost of the dwelling*, the policy pays the cost to repair or replacement cost of the damaged building(s), *less depreciation*.

Deductible. A *deductible* is applied separately to a loss for each item of insurance. Deductible options are \$100, \$250 or 1%.

Optional large deductibles are available at 1.5%, 2%, 2.5%, 3%, 4%, or 5%.

TWIA Commercial Policy

The following is a brief summary of the significant elements of coverage provided by the TWIA Commercial Policy.

Described property is covered for direct physical loss resulting from the *perils of windstorm and hail*. Described property includes:

- **Buildings or other structures** – described building or structure.
- **Business personal property** – business personal property located in or on the building described in the declarations or in the open on the described location. Includes furniture, fixtures, machinery, equipment, stock, or other personal property owned by the insured.
- **Property of others** – personal property of others for which the insured is legally liable, that is sold but not delivered, held in trust or for repairs.
- **Improvements and betterments** – fixtures, alterations, installations, or additions made a part of the building, structure, or condominium.

The following perils are not covered under the policy.

- **Rain** – whether driven by wind or not, damage to the interior of the building or insured property contained in the building is not covered unless wind or hail first makes an opening in the walls or roof and the insured property or interior of the building is damaged by the rain immediately entering the building through such opening.

- **Loss caused by flood, storm surge, tidal wave, high water, or overflow** – whether driven by wind or not was not covered.
- **Mold** – refer to Section II – TWIA Other Coverage History 2003 below for a description.

Actual cash value coverage. The policy pays for loss or damage to covered property on an *actual cash value* basis (replacement cost minus depreciation equals actual cash value). Refer to Section II – TWIA Other Coverage History replacement cost coverage for further description.

Deductible. A *deductible* is applied separately to a loss for each item of insurance. Deductible options are 1%, 2%, or 5%.

Section II – TWIA Other Coverage History

Indirect Loss Coverage

1975 – Form 224, Windstorm, Hurricane and Hail Exclusion Agreement Endorsement, applicable to the voluntary market was amended by the State Board of Insurance so that additional living expense and rental value coverage would be provided by the voluntary writer for the peril of windstorm. **1993** – Form 224 was revised to allow for TWIA to provide coverage for indirect losses.

1993 to present – coverage for indirect losses associated with a dwelling was added by the 73rd Legislature pursuant to HB 1461. A policy written by TWIA that provides coverage for a dwelling must include coverage for wind-driven rain damage, regardless of whether an opening is made by the wind, loss of use (additional living expenses) and consequential losses, if that coverage was excluded from a companion policy in the voluntary market.

TWIA is not required to provide coverage for loss of rents or rental value or additional living expenses when the property is a secondary or a non-primary residence.

Replacement Cost Coverage

1981 – personal property replacement cost endorsement TCPIA-365 (now TWIA-365) was approved for use. This endorsement amended the Standard Policy, for an additional premium, to provide replacement cost coverage for household goods.

1999 – to present - TWIA 164 Replacement Cost Endorsement (without deduction for depreciation) is an optional endorsement for commercial policies that provides replacement cost coverage for commercial buildings insured under the policy.

Prior to the 1999 dwelling and commercial policy rewrite, Form 164, Replacement Cost Endorsement (without deduction for depreciation) was approved for use effective October 1, 1982. This optional endorsement amended the Standard Policy to provide replacement cost coverage for buildings (residential or commercial) insured under the policy.

1999 – to present - Actual Cash Value – Roofs (One or Two Family Dwellings) endorsement TWIA 400 – may be attached to the TWIA dwelling policy to provide actual cash value coverage for a roof that is in marginal condition while maintaining replacement cost coverage for the remainder of the dwelling.

Business Income Coverage

2001 – *Business Income Coverage Endorsement and Extra Expense* endorsement (TWIA 17) was approved by TDI. Provides a maximum

of \$100,000 per building per occurrence for loss of business income due to suspension of operations as a result of a covered event.

Minimum daily limit is \$50 and the maximum daily limit is \$1,000.

Deductible – no coverage applies until 168 hours (7 days) have expired after the loss.

Also, provides an additional \$10,000 in coverage for extra expenses the insured incurs during the period of restoration that they would not have incurred if there had not be a loss.

Mold exclusion

2003 – a mold exclusion was added to the policy to clarify the policy did not provide coverage for damage resulting from mold, including testing or removal costs. However, the exclusion does not apply to mold upon covered property that must be repaired because of sudden and accidental direct damage resulting from wind or hail otherwise covered under the policy.

Increased Cost of Construction

2006 – TDI approved an Extension of Coverage Increased Cost of Construction endorsement (TWIA 431) for dwelling policies and TWIA 432 for commercial policies. These two endorsements replaced the previously utilized endorsement TWIA 430. The endorsements provide coverage for the increased costs that an insured incurs due to the enforcement of any ordinance or law relating to repair of the damaged or undamaged part of a building damaged by windstorm or hail. Also pays for the increased cost in construction to rebuild to the applicable windstorm code in order to maintain insurance through TWIA. Coverage may be purchased in

an amount equal to 5%, 10%, 15%, or 25% of the building limit of insurance.

Automatic Adjusted Building Cost Endorsement

2012 – TDI approved an Automatic Adjusted Building Cost Endorsement (TWIA 220) for dwelling policies. The endorsement automatically adjusts the limit of insurance for the dwelling annually by a percentage established by a building cost index that is applied at each renewal.

Section III – TWIA Mobile Home Coverage History

Mobile Homes

1976 until November 2011 – Special Mobile Home Windstorm and Hail Insurance Policy was approved by SBI. Described property is covered for direct loss resulting from the *perils of windstorm and hail*. Described property includes:

Dwelling on the described location, including structures attached to the dwelling.

Personal property owned or used by the named insured or members of their family residing with the named insured while the personal property is on the described location.

Unlike the Standard Policy for insuring dwellings, the Mobile Home Policy does not cover items such as fences, awnings,

carports, porches, greenhouses, or boathouses whether attached or not.

Also, other outbuildings on the premises of the mobile home must be specifically insured on a dwelling policy.

The policy paid for loss or damage to covered property on an *actual cash value* basis (replacement cost minus depreciation equals actual cash value).

A *deductible* is applied to each loss.

November 2011 – TDI approved endorsement TWIA 411, Conversion to TWIA Manufactured Home Policy. This endorsement amends the TWIA Dwelling Policy to provide essentially the same coverage as previously provided under the Special Mobile Home Windstorm and Hail Insurance Policy.

Section IV – TWIA Builders Risk Coverage History

1972 to present – builders risk coverage may be provided under either the stated value form TWIA 18 or the actual completed value form TWIA 21. Both forms provide coverage for buildings or structures shown in the declarations while in the course of construction. Both forms provide coverage for materials, equipment, supplies, and temporary structures used in the construction of the building or structure.

3.(a). How does the scope of coverage offered under TWIA differ from or exceed coverage written by private carriers in Texas? (Residential)

Residential/Dwelling

| Company | Dwelling | Contents | Other Structures | Loss of Use | | Replacement Cost | | Increased Cost of Construction |
|-------------------|----------|----------|------------------|-------------|-------|------------------|-----------|--------------------------------|
| | | | | ALE** | CA*** | Dwelling | Contents | |
| TWIA | Yes | Yes | Yes* | Available | No | Yes | Available | Available |
| Allstate | Yes | Yes | Yes | Yes | Yes | Yes | Available | Yes |
| Farmers | Yes | Yes | Yes | Yes | Yes | Yes | Available | Yes |
| State Farm | Yes | Yes | Yes | Yes | Yes | Yes | Available | Available |
| Travelers | Yes | Yes | Yes | Yes | Yes | Yes | Available | Yes |
| USAA | Yes | Yes | Yes | Yes | Yes | Yes | Available | Yes |

* Not additional insurance – included in dwelling limit of liability

** ALE – Additional Living Expense

*** CA – Provides limited coverage if a civil authority prohibits use of the residence premises because of direct damage to neighboring premises.

Note: Coverage shown as "available" means it is available for an additional premium by an endorsement or listing it separately on the declarations page.

3.(b). How does the scope of coverage offered under TWIA differ from or exceed coverage written by private carriers in Texas? (Commercial)

Commercial

| Company | Building | Business Personal Property | Other Structures | Extra Expense | | Replacement Cost | | Increased Cost of Construction |
|-------------------------------|----------|----------------------------|------------------|-----------------|------|------------------|----------------------------|--------------------------------|
| | | | | Business Income | CA** | Building | Business Personal Property | |
| TWIA | Yes | Yes | Yes* | Available | No | Available | Available | Available |
| American Fire & Casualty | Yes | Yes | Available | Available | Yes | Available | Available | Available |
| Chartis Property Casualty Co. | Yes | Yes | Available | Available | Yes | Available | Available | Available |
| Philadelphia Indemnity | Yes | Yes | Available | Available | Yes | Yes | Yes | Yes |
| Travelers Lloyds | Yes | Yes | Available | Available | Yes | Available | Available | Available |
| Zurich American Insurance Co. | Yes | Yes | Available | Available | Yes | Available | Available | Available |

*Limited to boarding, rooming, fraternity, sorority houses, or apartments (8 or less apartments) for fences, drives, walks, outdoor fixtures, garages and other outbuilding used in connection with the building. Included in building limit of liability. Other buildings/structures must be insured separately.

**CA - Provides limited coverage if a civil authority prohibits use of the covered property because of direct damage to neighboring premises.

Forms for use with large risks are exempt from filing (Texas Insurance Code §2301.004) and are not included in this comparison.

Note: Coverage shown as "available" means it is available for an additional premium by an endorsement or listing it separately on the declarations page.

3.(c). How do the available coverages offered through TWIA compare with those offered by coastal pools in other states? (Residential)

Residential/Dwelling

| State | Dwelling | Contents | Other Structures | Loss of Use | | Replacement Cost | | Increased Cost of Construction |
|----------------|----------|----------|-----------------------------|----------------------------------|-------|----------------------------------|-----------|----------------------------------|
| | | | | ALE** | CA*** | Dwelling | Contents | |
| Texas | Yes | Yes | Yes* | Available | No | Yes | Available | Available |
| Alabama | Yes | Yes | Broad – Yes Basic – Yes* | Broad – Yes Basic – No | Yes | Broad – Yes Basic – No | No | Broad – Yes Basic – No |
| Florida | Yes | Yes | Yes | Yes | Yes | Yes | Available | Yes |
| Louisiana | Yes | Yes | Dwg 3 – Yes Dwg 1 – Yes* | Dwg 3 – Yes Dwg 1 – No | Yes | Dwg 3 – Yes Dwg 1 – No | No | No |
| Mississippi | Yes | Yes | Yes | No | No | Yes | Yes | No |
| North Carolina | Yes | Yes | HO Wind – Yes Dwg – Yes* | HO Wind – Yes Dwg – Available | Yes | HO Wind – Yes Dwg – Available | Available | HO Wind – Yes Dwg – Available |
| South Carolina | Yes | Yes | Yes* | Yes | No | Available | No | Available |

* Not additional insurance – included in dwelling limit of liability

** ALE – Additional Living Expense

*** CA – Provides limited coverage if a civil authority prohibits use of the residence premises because of direct damage to neighboring premises.

Note: Coverage shown as "available" means it is available for an additional premium by an endorsement or listing it separately on the declarations page.

3.(d). How do the available coverages offered through TWIA compare with those offered by coastal pools in other states? (Commercial)

Commercial

| State | Building | Business Personal Property | Other Structures | Extra Expense | | Replacement Cost | | Increased Cost of Construction |
|----------------|----------|----------------------------|------------------|-----------------|------|------------------|----------------------------|--------------------------------|
| | | | | Business Income | CA** | Building | Business Personal Property | |
| Texas | Yes | Yes | Yes* | Available | No | Available | Available | Available |
| Alabama | Yes | Yes | Available | No | No | No | No | No |
| Florida | Yes | Yes | Available | No | No | Yes | Available | No |
| Louisiana | Yes | Yes | Available | Available | No | Available | Available | No |
| Mississippi | Yes | Yes | Available | No | No | Available | Available | No |
| North Carolina | Yes | Yes | Available | Available | No | Available | Available | No |
| South Carolina | Yes | Yes | Available | Available | No | No | No | No |

*Limited to boarding, rooming, fraternity, sorority houses, or apartments (8 or less apartments) for fences, drives, walks, outdoor fixtures, garages and other outbuilding used in connection with the building. Included in building limit of liability. Other buildings/structures must be insured separately.

**CA - Provides limited coverage if a civil authority prohibits use of the covered property because of direct damage to neighboring premises.

Note: Coverage shown as "available" means it is available for an additional premium by an endorsement or listing it separately on the declarations page.

Residential/Dwelling Insurance Coverage Description

Dwelling

The dwelling on the described location shown in the policy declarations page, used principally for dwelling purposes, including structures attached to the dwelling. Materials and supplies located on or next to the described location used to construct, alter or repair the dwelling or other structures on the described location. Building equipment and outdoor equipment used for servicing the described location. Maintenance equipment and supplies, floor coverings, window shades, refrigerators and stoves owned by the owner as a landlord, and located on the described location.

Personal Property

Personal property and business personal property owned or used by the insured or family members residing with the insured while it is on the described location.

Other Structures

Structures on the described location, set apart from the dwelling by clear space. This includes structures connected to the dwelling by only a fence, utility line, or similar connection.

Additional Living Expenses

Provides coverage for any necessary increase in living expenses incurred by the insured to maintain their normal standard of living if the insured dwelling is damaged by a covered loss making the home inhabitable.

Civil Authority

Provides limited coverage if a civil authority prohibits use of the residence premises because of direct damage to neighboring premises.

Replacement Cost

Provides coverage for damaged property based on current replacement cost at time of loss.

Increased Cost of Construction

Provides coverage for the increased costs that an insured incurs due to the enforcement of any ordinance or law relating to repair of the damaged or undamaged part of a building damaged by windstorm or hail.

Commercial Property Insurance Coverage Description

Building

The building or structure described in the policy declarations page. Includes completed additions; fixtures, including outdoor fixtures; permanently installed machinery and equipment; and personal property owned by the insured that is used to maintain or service the building or structure or its premises, including fire extinguishing equipment, outdoor fixtures, floor coverings, and appliances used for refrigerating, ventilating, cooking, dishwashing, or laundering.

Business Personal Property

Business personal property located in or on the building described in the policy declarations page or in the open on the described location. Includes furniture, fixtures, machinery, equipment, stock, or other personal property owned by the insured.

Other Structures

Structures other than the primary building may be insured by describing on the policy declarations page and paying an additional premium.

Extra Expense

Provides compensation for certain expenses associated with the operation of a business because of an unforeseen emergency caused by a covered peril.

Business Income

Loss of business income or rental value due to the necessary suspension of the insured's operations due to damage from a covered peril.

Civil Authority

Provides limited coverage for loss of business income or rental value if a civil authority prohibits use of the covered property because of direct damage to neighboring premises.

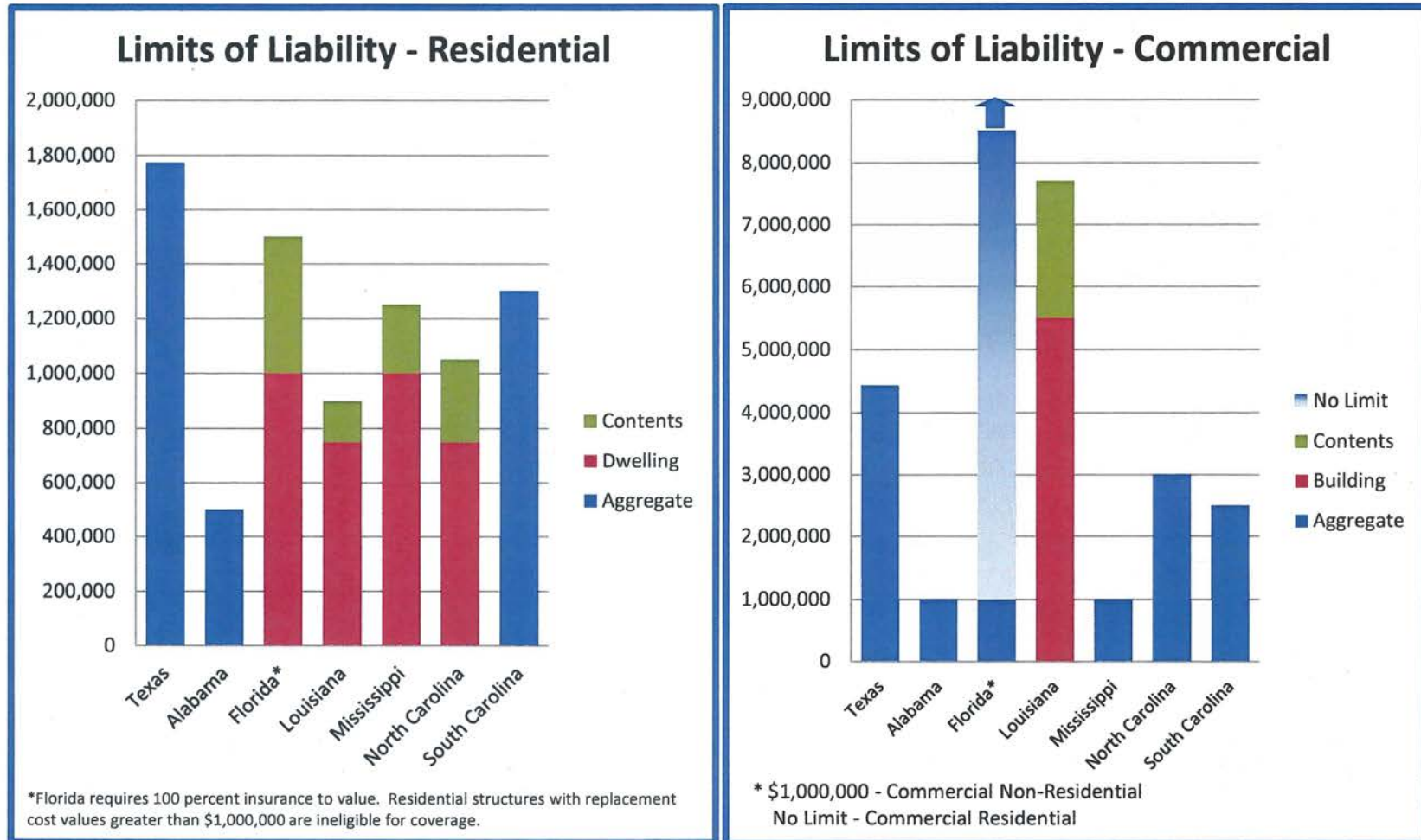
Replacement Cost

Provides coverage for damaged property based on current replacement cost at time of loss.

Increased Cost of Construction

Provides coverage for the increased costs that an insured incurs due to the enforcement of any ordinance or law relating to repair of the damaged or undamaged part of a building damaged by windstorm or hail.

4.(a). What is the policy limit available in other states' coastal pools, and how does it compare with TWIA?

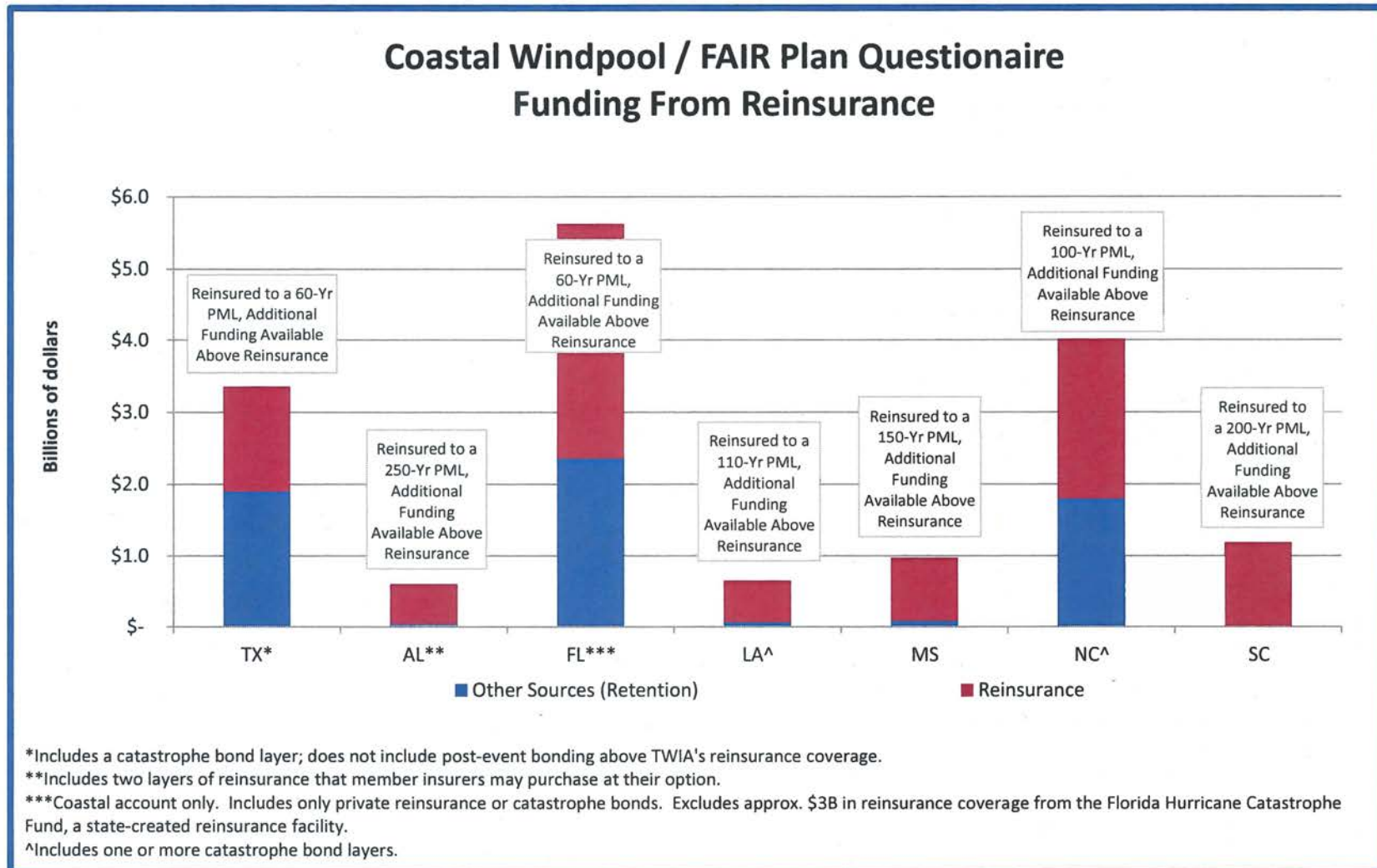


For more detailed information, please see next page.

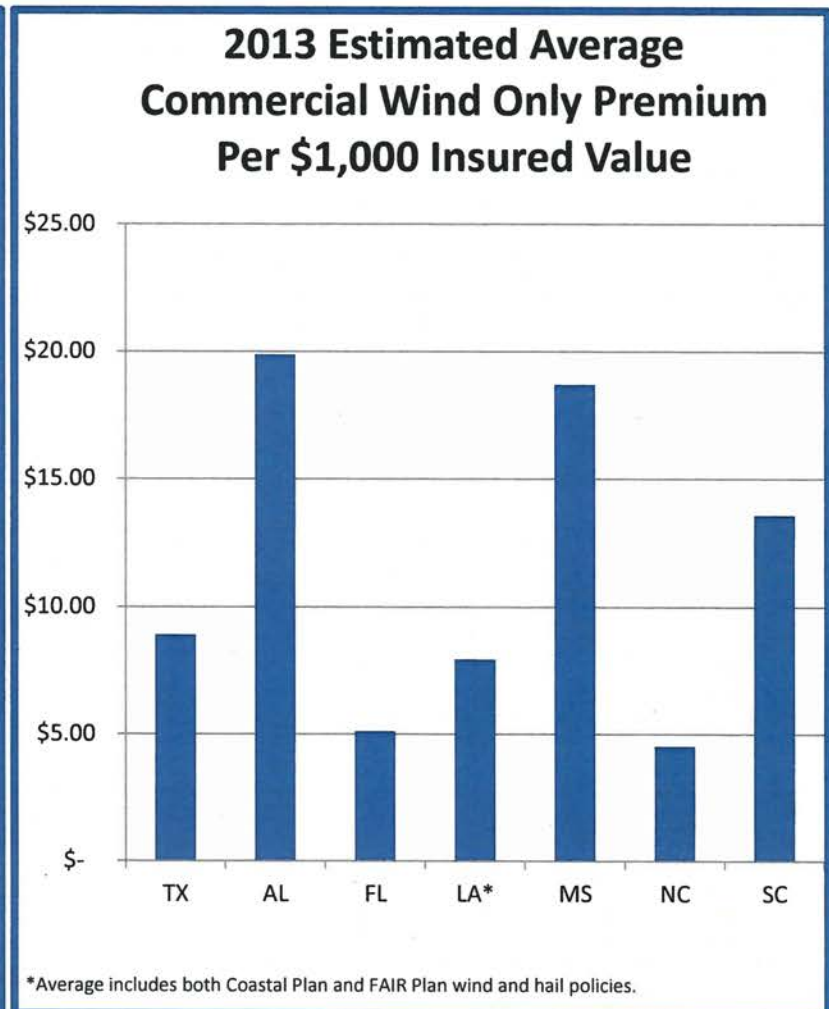
4.(b). What is the policy limit available in other states' coastal pools, and how does it compare with TWIA? (detail)

| State | Residential | Commercial |
|-----------------------|---|--|
| Texas | \$1,773,000 dwelling and contents combined \$374,000 for individually owned personal property located in an apartment, residential condominium, or townhouse unit that is occupied by the owner of that property | \$4,424,000 for each commercial building/structure or public building and the business personal property \$374,000 for individually owned business personal property located in an apartment, residential condominium, or townhouse unit that is occupied by the owner of that property |
| Alabama | \$500,000 dwelling and contents combined | \$1,000,000/\$300,000 max per location Building and contents combined |
| Florida | \$1,000,000 dwelling \$500,000 contents Unit owners \$1,000,000 unit and contents combined 100% insurance-to-value requirement | Commercial residential No maximum Commercial non-residential \$1,000,000 building and contents combined |
| Louisiana | \$750,000 dwelling \$150,000 contents | \$5,500,000 building per location \$2,200,000 contents per location |
| Mississippi | \$1,000,000 dwelling \$250,000 contents | \$1,000,000 building and contents combined |
| North Carolina | \$750,000 building, with personal property capped at 40% of dwelling coverage | \$3,000,000 building and contents combined Capped at \$6,000,000 aggregate depending on fire walls |
| South Carolina | \$1,300,000 dwelling and contents combined | \$2,500,000 building and contents combined |

5. To what extent do other states' coastal pools rely on reinsurance? How does this compare with Texas?



6. How do rates in other coastal states' pools compare with TWIA rates?



7. Do other states' pools utilize territorial rating?

| State | Uses Territory Rating For | | Territories Subdivide Counties |
|----------------|---------------------------|---------------------|--------------------------------|
| | Residential Business | Commercial Business | |
| Texas | No ¹ | No ¹ | No |
| Alabama | Yes | Yes | Yes |
| Florida | Yes | Yes | Yes |
| Louisiana | Yes | Yes | Yes |
| Mississippi | Yes | Yes | Yes |
| North Carolina | Yes | Yes | Yes |
| South Carolina | Yes | Yes | Yes |

¹TWIA charges uniform rates in the first tier. However, TWIA has a different rate in the portion of Harris County (Tier 2), where TWIA may write.

8. How do other states handle structures that are non code-compliant? Can the structures be insured, and if so, at a higher rate?

9.(a). How does the building code now in effect for TWIA compare with the code in effect in other states, particularly Florida?

| State | Statewide Building Code | Windpool Code | Property Insurable if Non-Compliant? | Surcharge for Non-Compliant | Comparison to Texas Windstorm Building Code |
|----------------|-------------------------|---------------|--------------------------------------|-----------------------------|---|
| Texas | No | Yes | Yes | 15% | --- |
| Alabama | No | Yes | No | N/A | C |
| Florida | Yes | No | N/A | N/A | S |
| Louisiana | Yes | No | N/A | N/A | C |
| Mississippi | No | Yes | No | N/A | C |
| North Carolina | Yes | No | Yes | No | W |
| South Carolina | Yes | Yes | No | N/A | C |

Key:

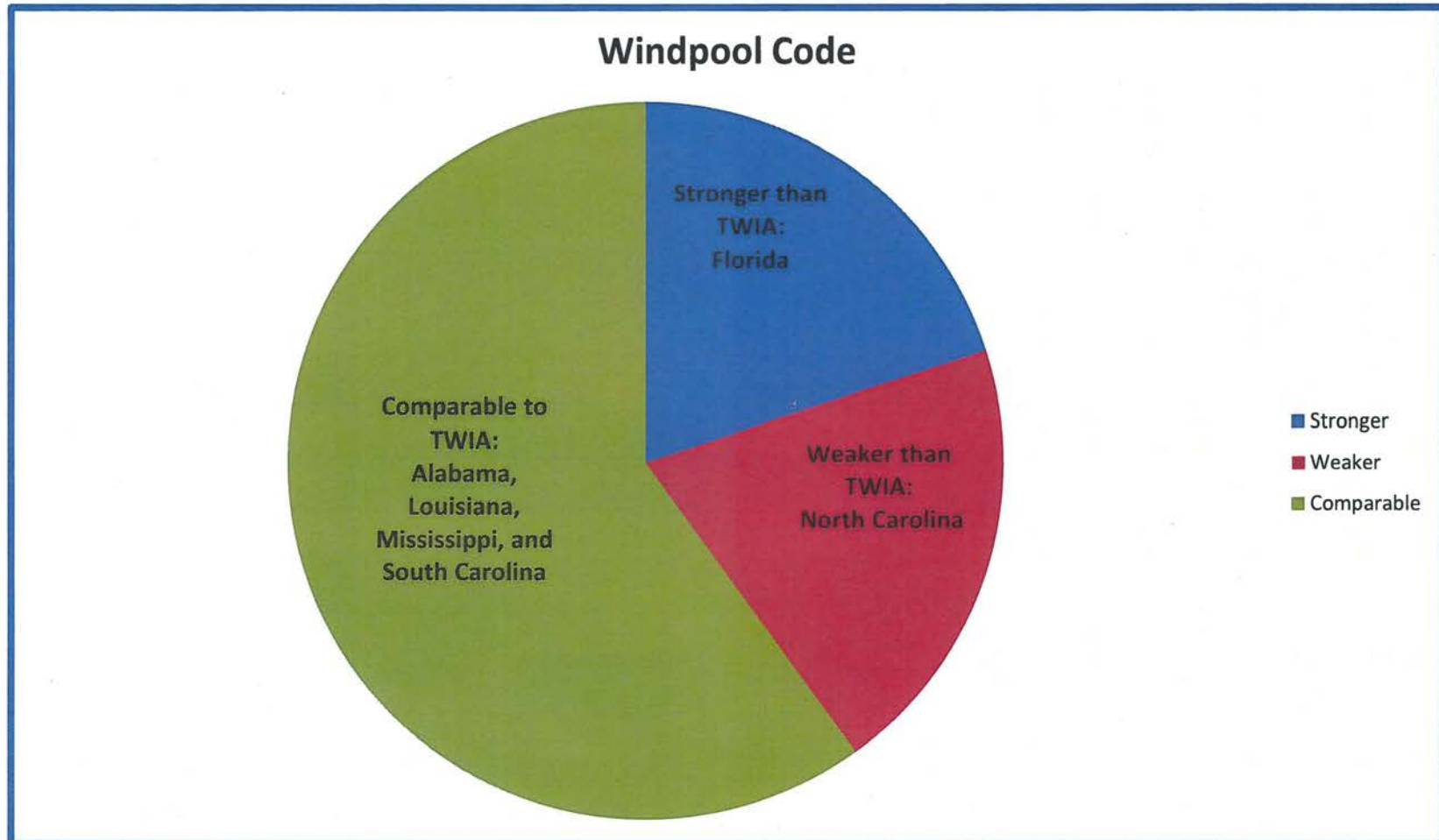
S – Stronger

W – Weaker

C – Comparable

For more detailed information, please see next page.

9.(b). How does the building code now in effect for TWIA compare with the code in effect in other states, particularly Florida?



For more detailed information, please see next page.

9.(c). How does the building code now in effect for TWIA compare with the code in effect in other states, particularly Florida? (detail)

| State | Residential Code | Commercial Code | Comparison Comments Relating to High Wind Requirements |
|--------------------------------------|--|--|---|
| Texas (TDI Building Code) | 2006 IRC and Texas Revisions | 2006 IBC with Texas Revisions | <ul style="list-style-type: none"> • TDI code is for windstorm insurance coverage in coastal counties. • TDI code revisions require windborne debris protection of all exterior openings in the seaward area, regardless if the openings have glazing. International Residential Code (IRC) only requires protection of glazed openings. • TDI building code is comparable to, or in some cases exceeds, the wind load provisions of other state codes with the exception of the High Velocity Hurricane Zones in Miami-Dade and Broward Counties in Florida (HVHZ) areas of the Florida Building Code (FBC). |
| Alabama | 2012 IRC and amendments per county | 2012 IBC and amendments per county | <ul style="list-style-type: none"> • The state does not require a statewide, mandatory, residential code. Counties adopt codes and develop amendments. • Institutional buildings are required to meet the International Building Code (IBC). There is no mandatory code enforcement for other building types. • TDI building code is comparable to the wind load provisions in Alabama’s two coastal counties. • Two coastal counties (Mobile and Baldwin) require a sealed roof deck for new construction and re-roofs to mitigate interior water damage. • Mobile and Baldwin counties also require fully sheathed walls with corner straps embedded into the concrete foundation. |
| Florida | 2010 FBC Residential w/ 2012 Supplement | 2010 FBC Building w/ 2012 Supplement | <ul style="list-style-type: none"> • The state requires statewide adoption of codes and a product approval system. • The FBC has chapters on HVHZ. • HVHZ requires that roofs, walls, and exterior openings be protected from windborne debris. • The HVHZ portions of the FBC are more stringent than the TDI building code. |
| Louisiana | Louisiana State Uniform Construction Code (2012 IRC) | Louisiana State Uniform Construction Code (2012 IBC) | <ul style="list-style-type: none"> • The state requires statewide adoption of the Louisiana State Uniform Construction Codes (LSUCCC). • TDI building code comparable to Louisiana wind load provisions. |

| State | Residential Code | Commercial Code | Comparison Comments Relating to High Wind Requirements |
|----------------|---|--|--|
| Mississippi | 2006 IRC | 2006 IBC | <ul style="list-style-type: none"> • Five coastal counties require enforcement of the wind and flood provisions. The provisions are optional in the rest of the state. • Minimum code standard for coastal counties is 2003 IRC/IBC; however, some coastal counties upgraded their codes. <ul style="list-style-type: none"> - Harrison and Jackson use 2012 IBC/IRC - Pearl River uses 2009 IBC/IRC - all other counties use 2003 IBC/IRC codes • TDI building code is comparable to wind load provisions in Mississippi's five coastal counties. • Local jurisdictions have enforcement authority. |
| North Carolina | 2012 NC Residential Code (2009 IRC w/NC amendments) | 2012 NC Building Code (2009 IBC w/NC amendments) | <ul style="list-style-type: none"> • The state requires statewide adoption of codes. • The NC Building Code amendment requires windborne debris protection along the outer banks east of the intra-coastal waterway. • NC Residential and Building Code requires an inspection by an engineer or local inspector. A certificate of occupancy is required for all structures prior to occupancy. • TDI building code is more stringent for windborne debris protection and prescriptive high wind construction standards (Chapter 45 of 2012 NC Building Code). |
| South Carolina | 2012 IRC | 2012 IBC | <ul style="list-style-type: none"> • The state requires statewide adoption of codes. • TDI building code is comparable to wind load provisions in South Carolina. • The Safe Home Program, administered by South Carolina Department of Insurance, provides grant money for homeowners to upgrade their primary residence for windstorm resistance. |

10.(a). How do other coastal states encourage private writings in coastal areas? Are any of them having success? How do their rates and coverages compare with those available in the Texas private market?

| State | Incentives For Voluntary Writers | | | Minimum Rate Requirement | Success ¹ |
|----------------|----------------------------------|------------------|---------------------|--------------------------|-------------------------|
| | Reduced Assessments | Take Out Program | Insurer Tax Credits | | |
| Texas | Yes | No | No | No | No/Little |
| Alabama | Yes | No | Yes ² | No | Too Soon |
| Florida | Yes | Yes | No ³ | No | Successful ⁴ |
| Louisiana | No | Yes | No | Vol. plus 10% | Very |
| Mississippi | Yes | No | No | No | Limited |
| North Carolina | Yes | Yes | No | Some ⁵ | No Comments |
| South Carolina | Yes | No | No | No | Successful |

¹ Except in the case of Texas, Florida, and North Carolina, “success” means success as determined by the wind pool. See the chart in response to question 10(b) for the decrease (or increase) in wind pool exposures from 12/31/2011 to 12/31/2013. For Texas and Florida, TDI determined success based on exposure data.

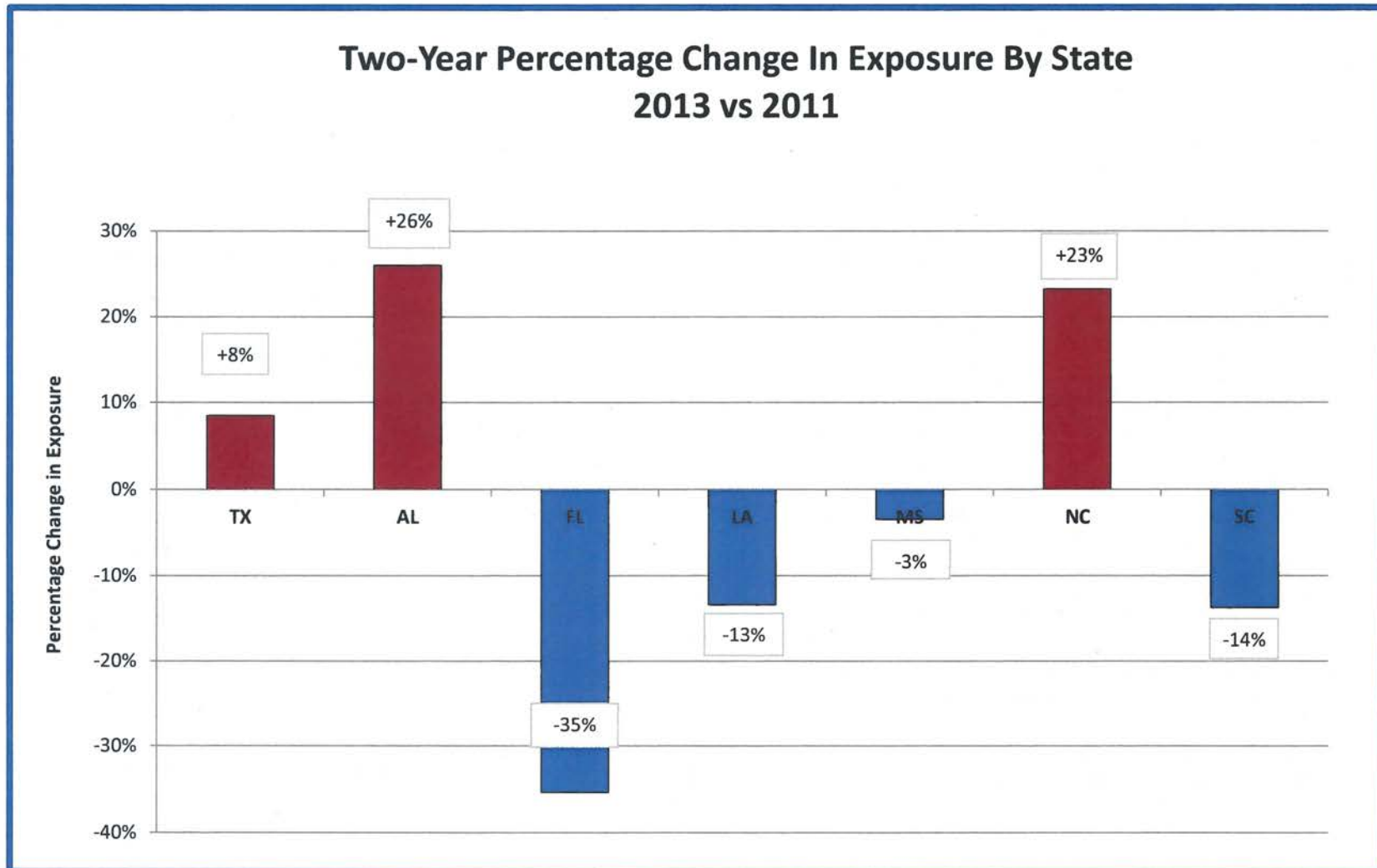
² Insurers may receive a credit to their premium taxes for insuring properties that were previously insured by the wind pool.

³ Insurers that take a certain number of policies or exposures out of Florida Citizens can receive a “take out” bonus from Citizens. In addition, over a period of 3 years insurers can phase in the assessment impact of taking policies out of Citizens.

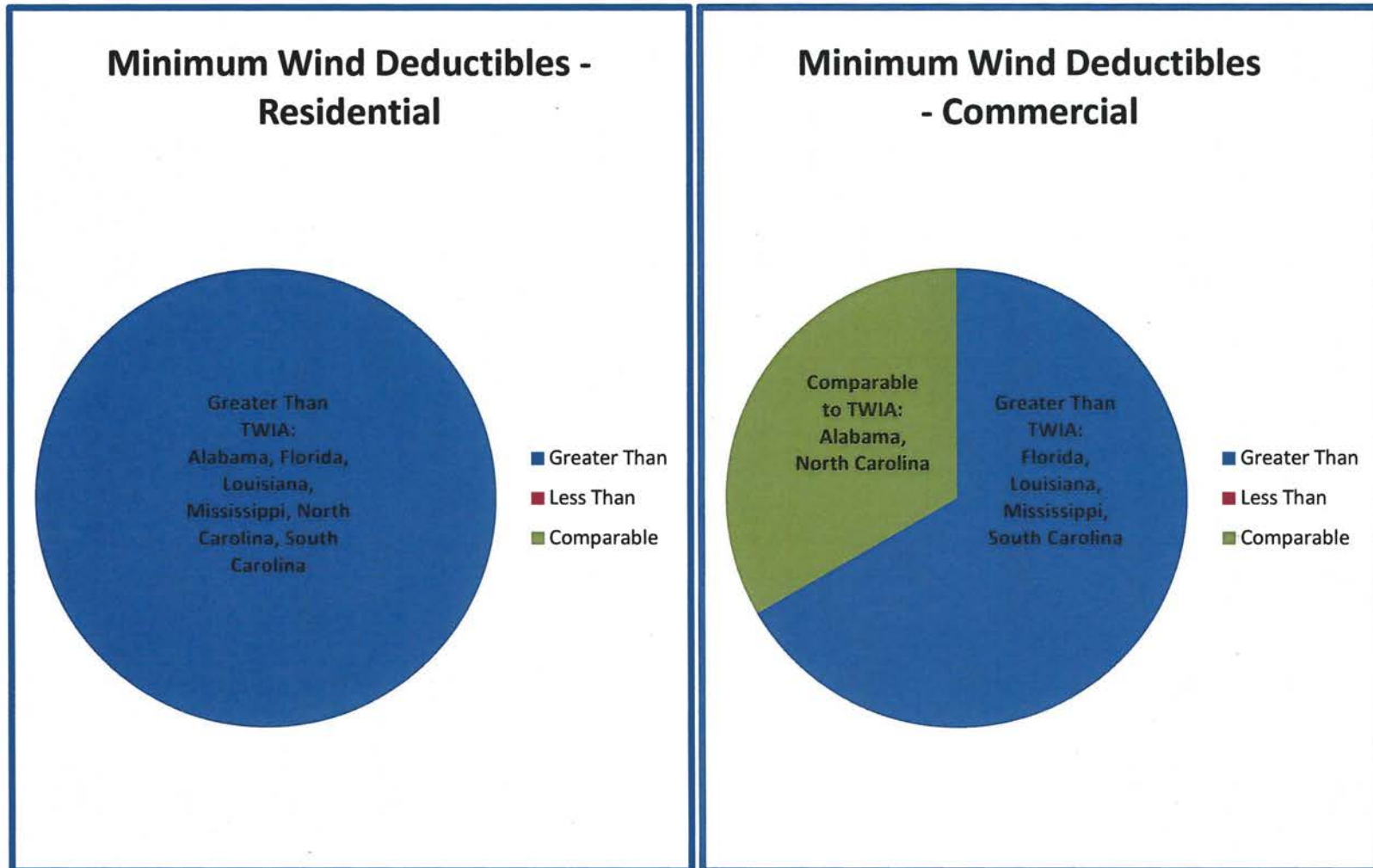
⁴ Florida Citizens did not give an opinion on whether the program was successful. However, they did provide information that insurers have taken out about \$175 billion (about 35%) in exposures since January 2012.

⁵ Wind only rates must be 5% above the North Carolina Rating Bureau wind and hail rates.

10.(b). How successful have other wind pools been in their depopulation efforts?

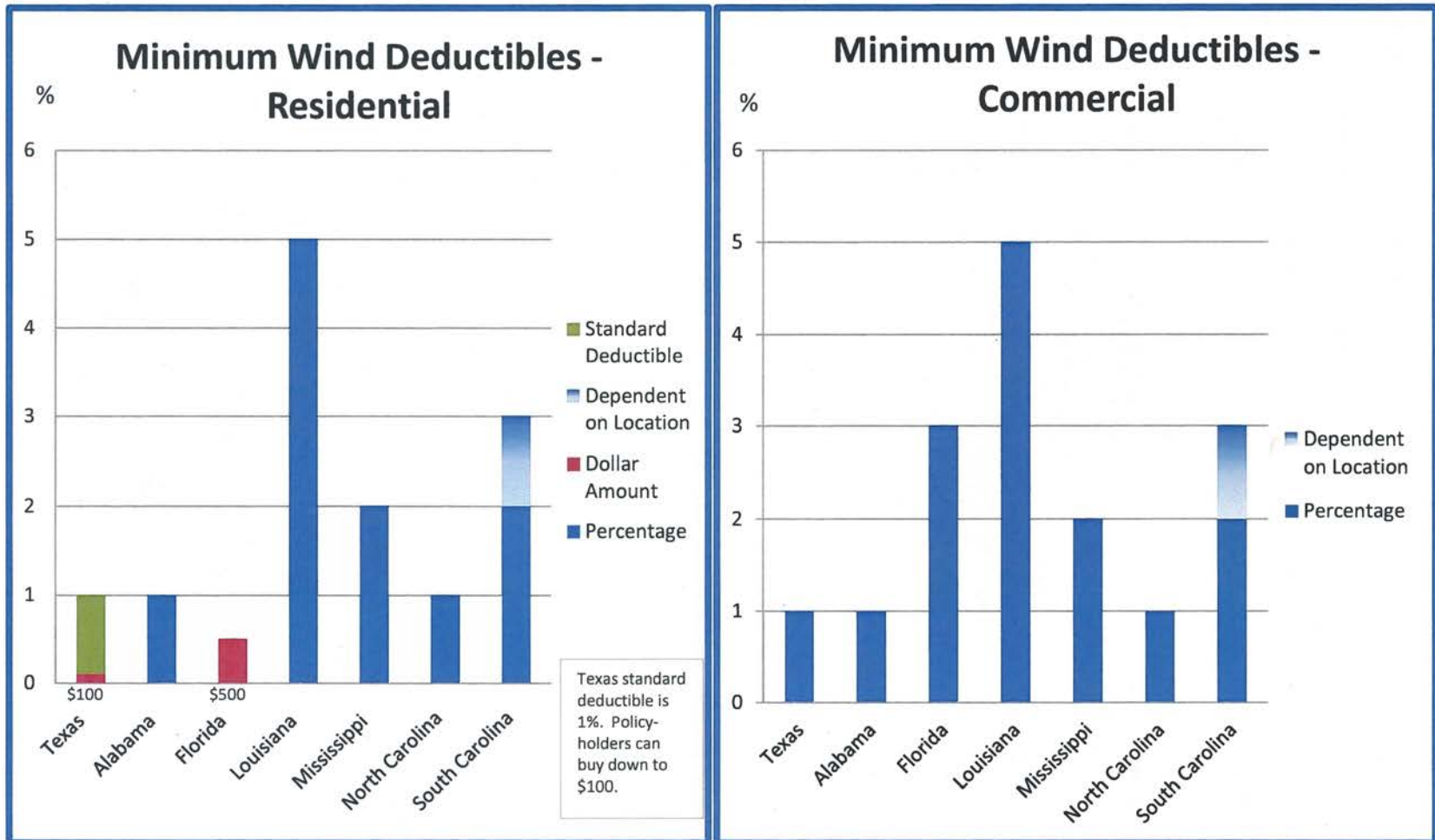


11.(a). How do deductibles in TWIA compare with other coastal state pools?



For more detailed information, please see next page.

11.(b). How do deductibles in TWIA compare with other coastal state pools?



For more detailed information, please see next page.

11.(c). How do deductibles in TWIA compare with other coastal state pools? (detail)

| State | Residential – Wind Deductibles | Commercial – Wind Deductibles |
|-----------|--|--|
| Texas | <p>1% standard - per building and/or limit of contents coverage, subject to a minimum deductible of \$100</p> <p>\$100 and \$250 are available for additional premium</p> <p>Optional 1.5%, 2%, 2.5%, 3%, 4%, and 5% deductibles available</p> | <p>1%, 2%, or 5% per building and/or limit of contents coverage, subject to a minimum deductible of \$1,000</p> |
| Alabama | <p>Minimum 1% wind, hail, and hurricane deductible</p> <p>Optional 2%, 5%, and 10% deductibles available</p> | <p>Minimum 1% wind, hail, and hurricane deductible</p> <p>Optional 2%, 5%, and 10% deductibles available</p> |
| Florida | <p>Hurricane deductible \$500, 2%, 3%, 4%, 5%, or 10% (minimum of \$500)</p> <p>Other wind deductible \$500, 2%, 3%, 4%, or 5% (minimum of \$500)</p> | <p>Hurricane deductible – commercial residential 3%, 5%, or 10% (minimum of \$1,000)</p> <p>Other wind deductible – commercial residential 1%, 3%, or 5% (minimum of \$1,000)</p> <p>Hurricane deductible – commercial non-residential 3% or 5% (minimum of \$1,000)</p> <p>Other wind deductible – commercial non-residential 3% or 5% (minimum of \$1,000)</p> |
| Louisiana | <p>Minimum 5% hurricane deductible</p> | <p>Minimum 5% hurricane deductible</p> <p>Separate deductibles apply to each structure and contents and/or limit of contents coverage</p> <p>Optional deductibles – up to \$500,000 based on amount of insurance</p> |

| State | Residential – Wind Deductibles | Commercial – Wind Deductibles |
|-----------------------|--|--|
| Mississippi | <p>Minimum 2% named storm deductible</p> <p>Optional 5%, 10%, 15%, and 20% named storm deductibles available</p> <p>Other than named storm deductible: Up to \$500,000 coverage – minimum \$500 More than \$500,000 coverage – minimum \$1,000</p> <p>Optional \$500, \$1,000 and \$2,500 deductibles available for other than named storm</p> | <p>Minimum 2% deductible - named storm and other than named storm</p> <p>Optional 5%, 10%, 15%, and 20% named storm deductibles available</p> |
| North Carolina | <p>Minimum 1% named storm deductible</p> <p>Other than named storm deductible: Up to \$99,999 coverage – minimum \$500 \$100,000 to \$249,999 coverage – minimum \$1,000 \$250,000 coverage or more – minimum \$2,500</p> | <p>Named storm deductible: Up to \$99,999 coverage – minimum \$1,000 \$100,000 coverage or more – minimum 1%</p> <p>Other than named storm deductible: Up to \$249,999 coverage – minimum \$1,000 \$250,000 coverage or more – minimum \$2,500</p> |
| South Carolina | <p>Minimum 2% or 3% deductible depending on location</p> <p>Optional 2%, 3%, 4%, 5%, and 10% deductibles available</p> | <p>Minimum 2% or 3% deductible depending on location</p> <p>Optional 2%, 3%, 4%, 5%, and 10% deductibles available</p> |

12.(a). What is the structure and governance of each wind pool?

| State | Type of Pool, Tax Status ¹ | Members or Assessable Insurers ² | Participation in Proportion to Net Direct Premium ³ | Total Board Members | Industry | Public | Agent | Gov't |
|--|---|---|--|---------------------|----------------|----------------|----------------|-------------|
| Texas TWIA | Association, Tax exempt | All property insurers ⁴ | Yes | 10 | 4 Appointed | 5 Appointed | 1 Appointed | - |
| Alabama Alabama Insurance Underwriting Association | Association, Taxable partnership | All property insurers | Yes | 11 | 9 Elected | 2 Appointed | - | - |
| Florida Citizens Property Insurance Corporation | Unincorporated, non-profit, governmental entity Tax exempt | All property insurers | Yes | 9 Appointed | - | - | - | - |
| Louisiana Louisiana Citizens Property Insurance Corporation | Nonprofit corporation, multiple servicing carrier Tax exempt | All property insurers | Yes | 16 | 3 Appointed | 7 Appointed | 2 Appointed | 4 Listed |
| Mississippi Mississippi Windstorm Underwriting Association | Association, non-profit, Tax exempt | All property insurers | Yes | 11 | 5 Appointed | 2 Appointed | 3 Appointed | 1 Listed |
| North Carolina North Carolina Insurance Underwriting Association | Association, Tax exempt | All property insurers | Yes ⁵ | 14 | 7 Elected | 3 Appointed | 4 Appointed | - |
| South Carolina South Carolina Wind and Hail Underwriting Association | Association, Taxable partnership | All property insurers ⁴ | Yes | 17 | 11 Elected | 4 Appointed | 2 Appointed | - |

1. Tax status is based on intentions expressed in statutes and on PIPSO 2014 Compendium of Property Insurance Plans.
2. States describe members or assessable insurers variously as property insurers, property & casualty insurers, or fire & extended coverage insurers. All have exceptions for very small companies. All limit the insurers to those in the relevant lines of business, excluding coverages such as medical malpractice, workers' compensation, flood, and crop insurance.
3. All insurers participate in assessments—as members or assessable insurers—in the proportion that the insurer's direct written premium bears to the aggregate statewide direct written premium for those lines of business.
4. There are limited exclusions. See next chart.
5. Participation is proportional to net direct premium outside of beach and coastal areas. The results are likely similar to other states that use statewide premium but give credit for voluntary writing in coastal areas.

For more detailed information, please see next chart

12.(b). What is the structure and governance of each wind pool? (detail)

| State | Type of Pool | Members or Assessable Insurers | Participation | Total Board Members | Industry | Public | Agent | Gov't |
|---|--|---|--|--|----------------|----------------|----------------|-------|
| Texas TWIA | Association Tax exempt | All property insurers, except: (1) insurers prevented by law from writing on a statewide basis coverages available through TWIA; (2) certain farm mutual insurance companies; (3) nonaffiliated county mutual fire insurance companies writing exclusively industrial fire insurance policies; (4) certain mutual insurance companies or statewide mutual assessment companies. | Members participate in the proportion that the net direct premiums of that member during the preceding calendar year bears to the aggregate net direct premiums by all members of the association. Members do not participate in profits. | 10 | 4 Appointed | 5 Appointed | 1 Appointed | - |
| | | | | (1) Commissioner appointees, a. 4 industry; b. 4 public from first tier counties, one of whom must be an agent; c. 1 non-coastal county resident; and d. 1 non-voting engineer. | | | | |
| Alabama Alabama Insurance Underwriting Association | Un-incorporated nonprofit association Taxable partnership | All property insurers writing fire and extended coverage on a direct basis. | Members participate in AIUA's writings, net income, losses, and members surplus, as determined by the proportion that the net direct premiums of a member written in the state during the preceding calendar year bears to the aggregate net direct premiums written in the state by all members of the association in the | 11 | 9 Elected | 2 Appointed | - | - |
| | | | | (1) Commissioner appointees, 1 each from: a. Baldwin County; and b. Mobile County. (2) 9 insurers, elected by the members including 1 each from: a. Property Casualty Insurers Association of America; b. American Insurance Association; and c. National Association of Mutual Insurance Companies. | | | | |

| State | Type of Pool | Members or Assessable Insurers | Participation | Total Board Members | Industry | Public | Agent | Gov't |
|---|--|---|--|---|----------|--------|-------|-------|
| Alabama (continued) | | | preceding calendar year, factored as prescribed by the board. | | | | | |
| Florida Citizens Property Insurance Corporation | Un- incorporated, nonprofit, governmental entity Tax exempt | All insurers authorized to write one or more subject lines of business in this state are subject to assessment. Also, policyholders who buy subject lines from unauthorized or surplus lines are "assessable insureds" and are subject to assessments. "Subject Lines of Business" means insurance written by assessable insurers or procured by assessable insureds for all property and casualty lines of business in this state, except workers' compensation, medical malpractice, flood, or crop insurance. | Assessable insurer's share of assessments is in the proportion that the assessable insurer's direct written premium for the subject lines of business bears to the aggregate statewide direct written premium. | 9 Appointed | - | - | - | - |
| | | | | (1) 2 each appointed by: a. Chief Financial Officer; b. President of the Senate; and c. Speaker of the House of Representatives. (2) 3 appointed by the Governor. | | | | |

| State | Type of Pool | Members or Assessable Insurers | Participation | Total Board Members | Industry | Public | Agent | Gov't |
|--|-----------------------------------|--|---|---|----------------|----------------|----------------|-------------|
| Louisiana Louisiana Citizens Property Insurance Corporation | Nonprofit corporation | Assessable insurers are all insurers authorized to write one or more of the following lines of business: fire, allied lines, homeowners' multiperil, the property insurance portion of commercial multiperil policies, and the business interruption insurance portion of commercial multiperil policies or such interruption insurance with respect to commercial properties on a monoline basis. | Assessable insurers participate in assessments in proportion to net direct premium. Assessable insurers do not participate in gains or losses. | 16 | 3 Appointed | 7 Appointed | 2 Appointed | 4 Listed |
| | Multiple servicing carrier | | | (1) Commissioner of Department of Insurance ¹ (2) State Treasurer ¹ (3) Chairman of House Committee on Insurance ¹ (4) Chairman of Senate Committee on Insurance ¹ (5) Governor appointees [9], one each from: a. Louisiana Bankers Association; b. Louisiana Home Builders Association; c. Society of Louisiana Certified Public Accountants; d. Louisiana District Attorneys Association; e. At large appointee; f. At large appointee. g. Property Casualty Insurers Association of America; h. American Insurance Association; and i. The largest domestic property insurer in the state. (6) Commissioner appointees, 1 each from: a. Professional Insurance Agents of Louisiana; b. Independent Insurance Agents of Louisiana; and c. Louisiana Chapter of the National Association of Insurance and Financial Advisors. | | | | |
| Mississippi Mississippi Windstorm Underwriting Association | Independent nonprofit association | Assessable insurers are all insurers writing property insurance on a direct basis. | Assessable insurers participate in assessments in proportion to net direct premium. Assessable insurers have no rights to the assets or profits. | 11 | 5 Appointed | 2 Appointed | 3 Appointed | 1 Listed |
| | Tax exempt | | | (1) Governor appointees: a. 1 agent; b. 1 assessable insurer; and c. 1 business leader. (2) Lieutenant Governor appointees: a. 1 agent; b. 1 assessable insurer; and | | | | |

¹ Or designee.

| State | Type of Pool | Members or Assessable Insurers | Participation | Total Board Members | Industry | Public | Agent | Gov't |
|---|---------------------------|--|--|---|--------------|----------------|----------------|-------|
| (Mississippi continued) | | | | c. 1 business leader. (3) Commissioner appointees: a. 1 agent; and b. 3 assessable insurers. (4) State Treasurer. | | | | |
| North Carolina North Carolina Insurance Underwriting Association | Association Tax exempt | All insurers writing essential property insurance, except: a. town and county mutual insurance associations; b. assessable mutual companies; c. insurers who only write on property exempted from taxation. "Essential Property Insurance" – Property Insurance in Fire Policy, Extended Coverage Endorsement and Vandalism and Malicious Mischief Endorsement. Does not include Crime Insurance, Additional Extended Coverage, Optional Perils Coverage, Business Income and Extra Expense Coverage, or policies of Windstorm and Hail Insurance Only. | Members participate in proportion to net direct premium outside of beach and coastal areas. Members do not have a right to any surplus. | 14 | 7 Elected | 3 Appointed | 4 Appointed | - |
| | | | | (1) Commissioner appointees: a. 4 agents b. 3 public members (2) 7 insurers, elected by the members. | | | | |

| State | Type of Pool | Members or Assessable Insurers | Participation | Total Board Members | Industry | Public | Agent | Gov't |
|---|---------------------|--|---|--|---------------|----------------|----------------|-------|
| South Carolina South Carolina Wind and Hail Underwriting Association | Association | All insurers writing property insurance, except: a. insurers whose writings are limited to property wholly owned by parent, subsidiary, or allied organizations; b. insurers whose writings are limited to property wholly owned by religious organizations. | Members participate in proportion to net direct premium. Members participate in writings, expenses, profits, and losses. | 17 | 11 Elected | 4 Appointed | 2 Appointed | - |
| | Taxable partnership | | | (1) Commissioner appointees: a. 2 agents; and b. 4 public members. (2) 11 insurers, elected by the members. | | | | |

13. Do the wind pools provide coverage for structures over water and on barrier islands?

| State | Structures Over Water | Structures on Barrier Islands |
|----------------|------------------------------|--------------------------------------|
| Texas | Yes | Yes |
| Alabama | No | Yes |
| Florida | No | Yes |
| Louisiana | Yes ¹ | Yes |
| Mississippi | Yes | Yes |
| North Carolina | Yes | Yes |
| South Carolina | No | Yes |

¹Yes, if structure is accessible by land.

14.(a). What are the wind pool policy residential coverage restrictions?

Several states have more than one residential policy available. We chose to summarize the policy with the broadest coverage, although the other policies may provide some different restrictions. The table omits restrictions that do not seem helpful, and condenses others together.

Blank spaces indicate that the policy does not specifically list the item as property not covered. Some items that are covered may have a special—usually low—limit of liability.

“Extra” means the coverage is excluded but is available by endorsement or if specifically listed on declarations page. This does not necessarily indicate an additional charge. Coverage for excluded items may be available in some states by endorsement or specific listing.

Residential Restriction Summary

| Type of Property | TWIA | Alabama | Florida | Louisiana | Mississippi | North Carolina | South Carolina |
|--|------------------------|--|------------------------|--|--------------------------------|---|--|
| Accounts, records, books of records, manuscripts | Excludes | Excludes | | Excludes | Excludes but manuscripts extra | | Excludes |
| Money, currency, bullion | Excludes | Excludes | | Excludes | Excludes but bullion extra | | Excludes |
| Precious metals | | | | Excludes | | | Excludes |
| Securities, deeds, evidence of debt | Excludes | Excludes | | Excludes | Excludes | | Excludes |
| Credit or debit cards | | Excludes | Excludes | Excludes | | Excludes | Excludes |
| Computer data recovery | | Excludes | | Excludes | | | Excludes |
| Paper data recovery | | Excludes | | Excludes | | | Excludes |
| Watercraft & hovercraft | Excludes when outdoors | Excludes except row boats or canoes when indoors | Excludes when outdoors | Excludes except row boats or canoes when indoors | | Excludes hovercraft & other watercraft outdoors | Excludes, except row boats and canoes when indoors |
| Aircraft | Excludes | Excludes | Excludes | Excludes | | Excludes | Excludes |

| Type of Property | TWIA | Alabama | Florida | Louisiana | Mississippi | North Carolina | South Carolina |
|--|---------------------------------------|--------------------------------------|--------------------------|------------------------|-------------------------------------|----------------|--|
| Motor vehicles except unlicensed used for servicing residence or assisting handicapped | Excludes except if listed & indoors | Excludes | Excludes | Excludes | Extra for outdoor service equipment | Excludes | Excludes |
| Trailers | | | | | | | Excludes |
| Contraband | | | | | | | Excludes |
| Awnings | Extra | Excludes when outdoors | Excludes | Excludes when outdoors | Extra | | Excludes when outdoors |
| Greenhouses | Extra | Excludes | | | Extra | | Excludes |
| Outdoor statuary, monuments, fountains | | Excludes gravemarkers and mausoleums | Excludes | | | | |
| Bridges & decks | | | Excludes if detached | | | | Excludes |
| Pergolas, cabanas, trellises, gazebos | | Excludes | Excludes | | Extra | | Excludes |
| Signs | | Excludes when outdoors | Excludes | Excludes when outdoors | Extra | | Excludes when outdoors |
| Walkways, dunewalks, ramps | | Excludes | Excludes unless attached | | | | Excludes |
| Fences | | Excludes | | | Extra | | Excludes |
| Retaining, breakaway, or property walls | Excludes breakaway walls and contents | Excludes | Excludes | | Extra | | Excludes property line walls, including seawalls, revetments & retaining walls |
| Radio & tv antennas, towers, dishes | Extra | Excludes when outdoors | Excludes | Excludes when outdoors | Extra | | Excludes when outdoors |
| Free standing smokestacks & silos | | | Excludes | | Extra | | Excludes, except silos |
| Underground pipes, flues or drains | | | | | | | Excludes |

| Type of Property | TWIA | Alabama | Florida | Louisiana | Mississippi | North Carolina | South Carolina |
|--|-----------------------------------|------------------------|----------|-----------|-------------|----------------|----------------------------|
| Windmills & wind chargers | Extra, but excludes wind turbines | | Excludes | | Extra | | Excludes |
| Damage to interior by weather conditions (unless opening caused by wind or hail) | Excludes if caused by rain | Excludes | Excludes | Excludes | Excludes | Excludes | Excludes |
| Exterior paint or waterproofing | | Excludes | Excludes | | | | Excludes |
| Lawns, trees, shrubs, plants | | Excludes when outdoors | Excludes | | Extra | | Excludes when outdoors |
| Growing crops | Extra | | Excludes | | Extra | | Excludes |
| Other structures used as rental property | | Excludes | Excludes | Excludes | | Excludes | Excludes |
| Other structures used for business | Excludes | Excludes | Excludes | Excludes | | Excludes | Excludes |
| Structure used for business | Excludes | Excludes | | Excludes | | | Excludes |
| Structures over water | Extra | Excludes | Excludes | | Extra | | Excludes |
| Property specifically covered by other insurance | Excess to primary coverage | | Excludes | | | Excludes | Excess to primary coverage |

14.(b). What are the wind pool policy residential coverage exclusions?

Several states have more than one residential policy available. We chose to summarize the policy with the broadest coverage, although the other policies may provide some different exclusions.

All residential policies exclude war, nuclear hazard, and power failure. The table omits exclusions that do not seem helpful, and condenses others together. It does not list many perils that are listed as exclusions, but are not covered perils under the wind-only policy, such as fire, theft, and explosion.

Blank spaces indicate that the policy does not specifically list the item as property not covered. Some items that are covered may have a special—usually low—limit of liability.

“Extra” means the coverage is excluded but is available by endorsement or if specifically listed on declarations page. This does not necessarily indicate an additional charge. Coverage for excluded items may be available in some states by endorsement or specific listing.

Residential Exclusion Summary

| Cause of Loss | TWIA | Alabama | Florida | Louisiana | Mississippi | North Carolina | South Carolina |
|---|--|---|---|-----------|--|----------------|--|
| Surface water, flood, tides, waves | Excludes | Excludes | Excludes | Excludes | Excludes | Excludes | Excludes |
| Sewer or drain backup | | Excludes | Excludes | Excludes | Excludes | Excludes | Excludes |
| Accidental discharge (leaking plumbing, heating, a/c, fire sprinkler) | | | | | Excludes unless caused by wind or hail | | Excludes unless caused by wind or hail |
| Underground water | | Excludes | Excludes | Excludes | Excludes | Excludes | Excludes |
| Water or steam | | Excludes | Excludes | | | Excludes | Excludes |
| Electrical surge | Excludes | | | | | | |
| Mechanical breakdown | | | Excludes | | | Excludes | Excludes |
| Mold, fungi, & micro-organisms | Excludes, unless on property damaged by wind or hail | Excludes, unless caused by wind, hail, or hurricane | Excludes, unless caused by wind or hail | | Excludes | | Excludes |
| Intentional loss | | Excludes | Excludes | Excludes | | Excludes | Excludes |
| Neglect | | Excludes | Excludes | Excludes | Excludes | Excludes | Excludes |

| Cause of Loss | TWIA | Alabama | Florida | Louisiana | Mississippi | North Carolina | South Carolina |
|---|-------------|---|---|------------------|--------------------|---|-----------------------|
| Existing damage | | | Excludes | | | | |
| Latent defect, wear & tear | | | Excludes | | | Excludes | Excludes |
| Fixtures close to tide line | | | Excludes | | | | Excludes |
| Defective design or construction | | | | Excludes | | Excludes | Excludes |
| Asbestos | Excludes | | | | | | |
| Earth movement | | Excludes | Excludes | Excludes | Excludes | Excludes | Excludes |
| Government or civil authority action | Excludes | Excludes | Excludes | Excludes | Excludes | Excludes | Excludes |
| Ordinance or Law | Excludes | Excludes, except increased cost of construction | Excludes, except increased cost of construction | Excludes | | Excludes, except increased cost of construction | Excludes |

14.(c). What are the wind pool policy commercial coverage restrictions?

Several states have more than one commercial policy available. We chose to summarize the policy with the broadest coverage, although the other policies may provide some different restrictions.

All commercial policies exclude war, nuclear hazard, and power failure. The table omits exclusions that do not seem helpful, and condenses others together. It does not list many perils that are listed as exclusions, but are not covered perils under the wind-only policy, such as fire, theft, and explosion.

Blank spaces indicate that the policy does not specifically list the item as property not covered. Some items that are covered may have a special—usually low—limit of liability.

“Extra” means the coverage is excluded but is available by endorsement or if specifically listed on declarations page. This does not necessarily indicate an additional charge. Coverage for excluded items may be available in some states by endorsement or specific listing.

Commercial Restriction Summary

| Type of Property | TWIA | Alabama | Florida | Louisiana | Mississippi | North Carolina | South Carolina |
|--|-----------------------------|-------------------|----------|-------------------|--------------------------------|-------------------|----------------|
| Accounts, records, books of records, manuscripts | Extra but excludes accounts | Excludes accounts | Excludes | Excludes accounts | Excludes but manuscripts extra | Excludes accounts | Excludes |
| Money, currency | Excludes | Excludes | Excludes | Excludes | Excludes | Excludes | Excludes |
| Securities, deeds, evidence of debt | Excludes | Excludes | Excludes | Excludes | Excludes | Excludes | Excludes |
| Bullion | Extra | | Excludes | | Extra | | Excludes |
| Items made of precious metals | | | Excludes | | | | |
| Credit & debit cards | | | Excludes | | | | |
| Computer data recovery | Excludes (by implication) | Extra | Excludes | Extra | | | Excludes |
| Paper data recovery | | Extra | Excludes | Extra | | Extra | Excludes |

| Type of Property | TWIA | Alabama | Florida | Louisiana | Mississippi | North Carolina | South Carolina |
|--|--|---|--|---|--|---|--|
| Business personal property | | Excludes while airborne or waterborne | Excludes while airborne, waterborne, or in transit | Excludes while airborne or waterborne | Excludes while waterborne | Excludes while airborne or waterborne | Excludes while airborne, waterborne, in transit, or below ground |
| Watercraft & hovercraft | Extra unless indoors on land | Excludes unless held for sale, processed, manufactured, warehoused; & row boats and canoes on location out of water | Excludes except inventory & row boats and canoes on location out of water | Excludes unless held for sale, processed, manufactured, warehoused; row boats and canoes on location out of water | Excludes unless held for sale; row boats and canoes on location out of water | Excludes unless held for sale, processed, manufactured, warehoused; row boats and canoes on location out of water | Excludes boats held for sale |
| Aircraft | Extra | Held for sale, processed, manufactured, or warehoused are covered | Excludes except inventory indoors | Held for sale, processed, manufactured, or warehoused are covered | Excludes | Excludes unless held for sale, processed, manufactured, or warehoused | Excludes aircraft held for sale |
| Automobiles held for sale | | Excludes | | Excludes | | Excludes | Excludes |
| Motor vehicles | Extra except for lawn & garden, golf carts, ATVs on location, forklifts, and equipment for assisting handicapped | Excludes licensed or used away from location except when manufactured, processed or warehoused | Excludes except indoor small service machinery or equipment, equipment for handicapped | Excludes licensed or used away from location except when manufactured, processed or warehoused | Extra | Excludes licensed or used away from location except when manufactured, processed or warehoused | Excludes vehicles held for sale |
| Small service machinery or equipment, equipment for handicapped | Extra unless indoors | Covers unlicensed motor vehicles held for sale, manufactured, processed or warehoused | Excludes motor vehicles; covers unlicensed motor vehicles used indoors | Excludes automobiles held for sale; covers unlicensed motor vehicles held for sale, manufactured, processed or warehoused | | Excludes automobiles held for sale; covers unlicensed motor vehicles held for sale, manufactured, processed or warehoused | Excludes vehicles held for sale |
| Trailers | | | Extra | | | Extra | |
| Amusement equipment | | | Excludes | | | | |
| Contraband | | Excludes | Excludes | Excludes | | Excludes | Excludes |

| Type of Property | TWIA | Alabama | Florida | Louisiana | Mississippi | North Carolina | South Carolina |
|--|--|--|---|--|--|--|--|
| Animals | Extra | Excludes unless inventory | Excludes unless inventory indoors | Excludes unless inventory indoors | Excludes unless held for sale | Excludes unless inventory indoors | Excludes unless inventory indoors |
| Awnings | Extra | | Excludes | | Extra | | Excludes |
| Bridges | | Excludes | Excludes | Excludes | | Excludes | Excludes |
| Drives & walkways | Extra | Excludes | Excludes | Excludes | Extra | Excludes | Excludes |
| Fences | Excess to primary | Excludes | Extra | Excludes | Extra | Excludes | Excludes |
| Greenhouses | Extra | | Extra | | Extra | | Excludes |
| Pergolas, cabanas, trellises, gazebos | | | Excludes but cabanas extra | | Extra | | Excludes |
| Swimming pools & jacuzzis | | | Extra | | Extra | | Excludes |
| Steeple & fountains | | | Excludes | | | | |
| Patios | | Excludes | Excludes | Excludes | | Excludes | Excludes |
| Retaining walls, breakaway walls unless part of building | Excludes breakaway walls | Excludes | Excludes | Excludes | Extra | Excludes | Excludes |
| Radio & tv antennas, towers, dishes | Extra | Excludes when outdoors | Excludes | Excludes when outdoors | Extra | Excludes when outdoors | Excludes when outdoors |
| Signs | Extra | Excludes when outdoors unless attached to building | Excludes | Excludes when outdoors unless attached to building | Extra | | Excludes when outdoors unless attached to building |
| Free-standing smokestacks & silos | Smokestacks extra | | Excludes | | Extra | | Excludes |
| Underground pipes, flues or drains | | Excludes | Excludes | Excludes | Extra | Excludes | Excludes |
| Windmills & chargers | Extra, but excludes wind turbines | | Excludes | | Extra | | Excludes |
| Damage by weather conditions to inside of building or contents inside a building | Excludes rain unless damage caused by wind or hail | Excludes unless damage caused by wind or hail | Excludes unless damage caused by wind or hail | Excludes unless damage caused by wind or hail | Excludes unless opening caused by wind or hail | Excludes unless opening caused by wind or hail | Excludes unless opening caused by wind or hail |
| Exterior paint & waterproofing | | Excludes | Excludes | | | | Excludes |
| Growing crops & lawns | | Excludes | Excludes | Excludes | Extra | Excludes | Excludes |

| Type of Property | TWIA | Alabama | Florida | Louisiana | Mississippi | North Carolina | South Carolina |
|--|----------------------------|--|--|--|--|--|--|
| Trees & shrubs | | Excludes | Excludes | Excludes except inventory | Extra | Excludes except inventory | Excludes except inventory indoors |
| Dirt work | | Excludes | Excludes | Excludes | Extra | Excludes | Excludes |
| Foundations | | Excludes foundations when below basement or ground | Excludes foundations when below basement or ground | Excludes foundations when below basement or ground | Excludes foundations when below basement or ground | Excludes when below basement or ground | Excludes when below basement or ground |
| Structures, machinery, or boilers below ground | | Excludes when below basement or ground | Excludes when below basement or ground | Excludes foundations when below basement or ground | Excludes foundations when below basement or ground | Excludes when below basement or ground | Excludes when below basement or ground |
| Structures over water | Extra | | Extra | | | | Excludes |
| Property specifically covered by other insurance | Excess to primary coverage | Excess to primary coverage | | Excess to primary coverage | Excess to primary coverage | Excess to primary coverage | Excess to primary coverage |

14.(d). What are the wind pool policy commercial coverage exclusions?

Some states have more than one commercial policy available. We chose to summarize the policy with the broadest coverage, although the other policies may provide some different exclusions.

All commercial policies exclude losses caused by war, nuclear hazard, ordinance or law, power failure, and government or civil authority action. The table omits exclusions that do not seem helpful, and condenses others together. It does not list many perils that are listed as exclusions, but are not covered perils under the wind-only policy, such as fire, theft, and explosion.

Blank spaces indicate that the policy does not specifically list the item as property not covered. Some items that are covered may have a special—usually low—limit of liability.

“Extra” means the coverage is excluded but is available by endorsement or if specifically listed on declarations page. This does not necessarily indicate an additional charge. Coverage for excluded items may be available in some states by endorsement or specific listing.

Commercial Exclusion Summary

| Cause of Loss | TWIA | Alabama | Florida | Louisiana | Mississippi | North Carolina | South Carolina |
|---|----------|--|--|--|--|--|----------------------------|
| Surface water, flood, tides, waves | Excludes | Excludes | Excludes | Excludes | Excludes | Excludes | Excludes |
| Sewer or drain backup | | Excludes | Excludes unless caused by wind or hail | Excludes | Excludes | Excludes | Excludes |
| Accidental discharge (leaking plumbing, heating, a/c, fire sprinkler) | | Excludes unless caused by wind or hail | Excludes unless caused by wind or hail | Excludes unless caused by wind or hail | Excludes unless caused by wind or hail | Excludes unless caused by wind or hail | Excludes sprinkler leakage |
| Sudden & accidental tearing apart (hot water system, a/c, fire sprinkler) | | Excludes unless caused by wind or hail | Excludes unless caused by wind or hail | Excludes unless caused by wind or hail | | | |
| Underground water | | Excludes | Excludes | Excludes | Excludes | Excludes | Excludes |
| Fixtures close to tide line | Extra | Excludes | Excludes | Excludes | Extra | Excludes | Excludes |
| Steam explosion | | Excludes | | Excludes | | | |
| Electrical surge | Excludes | Excludes | Excludes | Excludes | Excludes | | |

| Cause of Loss | TWIA | Alabama | Florida | Louisiana | Mississippi | North Carolina | South Carolina |
|---|--|--|---|------------------|--------------------|--|-----------------------|
| Mold, fungi, & microorganisms | Excludes, unless on property damaged by wind or hail | Excludes unless result of wind or hail | Excludes | | Excludes | Excludes unless caused by wind or hail | Excludes |
| Asbestos | Excludes | | | | | | |
| Business income/ extra expense | Excludes | | Excludes | | | | Extra |
| Mechanical breakdown | | Excludes | Excludes | Excludes | | | Excludes |
| Pollutant discharge | | | Excludes unless caused by covered peril | | | | Excludes |
| Consequential losses | | | Excludes | | | | Excludes |
| Intentional loss | | | Excludes | | | | |
| Neglect after covered event | | | Excludes | | Excludes | Excludes | |
| Existing damage | | | Excludes | | | | |
| Latent defect, wear & tear | | | Excludes | | | | Excludes |
| Defective design or construction | | | Excludes | | | | Excludes |
| Earth movement | | Excludes | Excludes | Excludes | Excludes | Excludes | Excludes |
| Acts or decisions by person, group or government | Excludes | Excludes | Excludes | Excludes | Excludes | Excludes | Excludes for building |

15.(a). What surcharges do the wind pools charge?

| State | Premium Surcharges to Fund Losses? | | Surcharges for Reasons Other than Funding Shortfalls |
|----------------|------------------------------------|-------------------------|--|
| | Plan policyholders | Statewide policyholders | |
| Texas | Yes ¹ | No | Yes |
| Alabama | No | No | No |
| Florida | Yes ² | Yes ² | Yes |
| Louisiana | Yes ² | Yes ² | No |
| Mississippi | Yes ³ | Yes ³ | No |
| North Carolina | Yes | Yes | No |
| South Carolina | No | No | No |

For more detailed information, please see next page.

¹ All coastal property and auto policies, including plan policyholders, to pay 70% of Class 2 public securities.

² Louisiana and Florida assess insurers who then surcharge policyholders to recoup the assessments.

³ Mississippi assesses insurers, then statewide insurers surcharge policyholders, remit the surcharges to MWUA, and MWUA reimburses assessed carriers.

15.(b). What surcharges do the wind pools charge? (detail)

| State | Premium Surcharges to Fund Losses? | | Surcharges for Reasons Other than Funding Shortfalls |
|---------|--|---|---|
| | Plan policyholders | Statewide policyholders | |
| Texas | Yes – all coastal property and casualty and auto policyholders, to repay 70% of Class 2 public securities. | No | Yes, for structures that do not comply with the building code. |
| Alabama | No | No | No |
| Florida | <p>Yes – Deficit financing:</p> <p>1. Citizen’s policyholders are the first to be surcharged if a deficit occurs. Surcharge for wind pool account may be up to 15% of policyholder premium.</p> <p>3. Statewide policyholder surcharge, after regular assessment surcharge. Surcharge for wind pool account may be up to 10% of policyholder premium, but can be spread over multiple years.</p> | <p>Yes – Deficit financing:</p> <p>2. Surcharge for insurers to recoup Regular Assessments, after policyholder surcharge. Surcharge for wind pool account may be up to 6% of policyholder premium. This surcharge includes surplus lines policyholders, but not Citizen’s policyholders.</p> <p>3. Statewide policyholder surcharge, after regular assessment surcharge. Surcharge for wind pool account may be up to 10% of policyholder premium, but can be spread over multiple years.</p> | <p><i>Emergency Management Preparedness and Assistance Trust Fund (EMPA)</i></p> <p>Florida imposes a \$2 surcharge on each personal multi-peril policy, and \$4 on each commercial multi-peril policy to fund emergency management preparedness, communications, and training.</p> |

| State | Premium Surcharges to Fund Losses? | | Surcharges for Reasons Other than Funding Shortfalls |
|------------------------|---|-------------------------|--|
| | Plan policyholders | Statewide policyholders | |
| Florida (continued) | <p><i>Catastrophe Financing/Reinsurance Surcharge</i></p> <p>This surcharge enables Citizens to purchase reinsurance and bonds to pay claims resulting from a catastrophe. It only applies to personal and commercial wind only policies.</p> | | <p><i>Fire College Trust Fund</i></p> <p>Each insurer that provides fire coverage, including the wind pool, must surcharge its commercial property policies to contribute to this fund. The fund provides fire and hazardous waste training for fire departments throughout Florida.</p> |
| | | | <p><i>Tax-Exempt Surcharge</i></p> <p>Although the State of Florida exempts its wind pool from paying premium taxes, Florida's wind pool surcharges its policyholders 1.75 percent to maximize its financial resources.</p> <p><i>Guaranty Association Assessment</i></p> <p>This surcharge is to recoup assessments paid to the Florida Insurance Guaranty Association. As of 2012, it was set at 0.9%.</p> |

| State | Premium Surcharges to Fund Losses? | | Surcharges for Reasons Other than Funding Shortfalls |
|------------------------|---|---|--|
| | Plan policyholders | Statewide policyholders | |
| Florida (continued) | | | <p><i>Florida Hurricane Catastrophe Fund (FHCF) Assessment</i></p> <p>This surcharge is to recoup assessments paid to Florida's state reinsurance pool to service post-hurricane debt from the 2004 hurricane season. This surcharge will end effective January 1, 2015.</p> |
| Louisiana | <p>Yes – Market equalization charge for regular assessments.</p> <p>Surcharges for Emergency Assessments to pay debt service on bonds.</p> | <p>Yes – Surcharge for insurers to recoup regular assessments.</p> <p>Surcharges for Emergency Assessments to pay debt service on bonds.</p> | No |
| Mississippi | Yes – to recoup Regular Assessments back to carriers and to pay bonds if issued. | Yes – to recoup Regular Assessments back to carriers and to pay bonds if issued. | No |
| North Carolina | Yes – after \$1 billion in nonrecoupable assessments to insurers, a catastrophe recovery charge to each policyholder, not to exceed 10% of premium. | Yes – after \$1 billion in nonrecoupable assessments to insurers, a catastrophe recovery charge to each policyholder, not to exceed 10% of premium. | No |
| South Carolina | No | No | No |

16.(a). What are the funding mechanisms for the wind pools?

| State | Retained Earnings | Assessments | Reinsurance | Bonds |
|----------------|-------------------|----------------------|-------------|-------|
| Texas | Yes | Limited ¹ | Yes | Yes |
| Alabama | Yes | Unlimited | Yes | Yes |
| Florida | Yes | Limited | Yes | Yes |
| Louisiana | Yes | Limited | Yes | Yes |
| Mississippi | Yes | Limited | Yes | Yes |
| North Carolina | Yes | Limited | Yes | Yes |
| South Carolina | Yes | Unlimited | Yes | No |

¹Assessments pay for 30% of Class 2 bonds, and 100% of Class 3 bonds. Coastal policyholders pay the remaining 70% of Class 2 bonds through premium surcharges.

For more detailed information, please see next page.

16.(b). What are the funding mechanisms for the wind pools?* (funding charts)

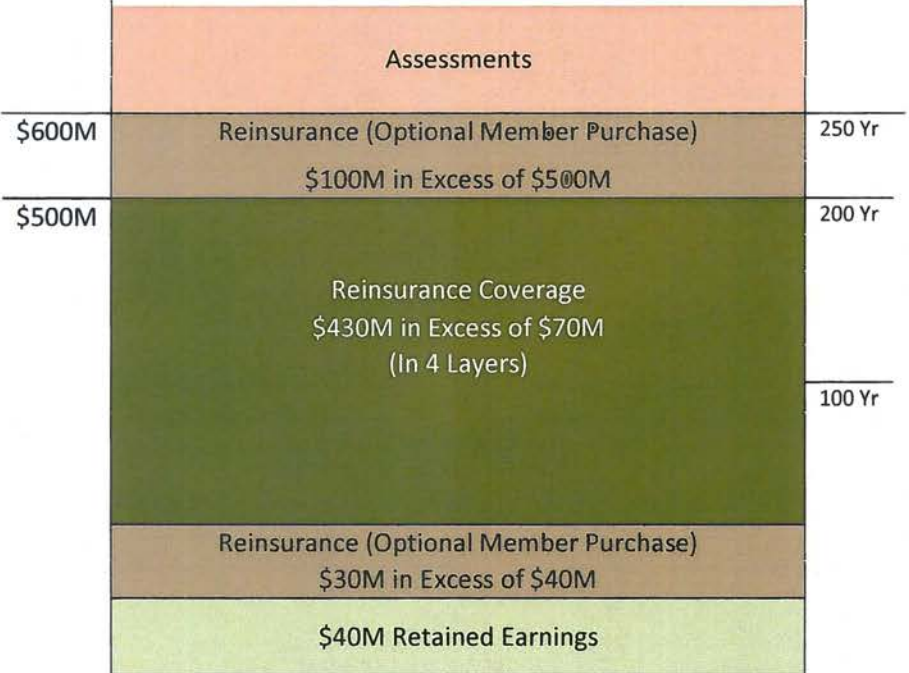
*All charts show funding for the first event. Different reinsurance retentions and coverage may apply for second and subsequent hurricane events.

**2014 WIND POOL FUNDING
TEXAS**

| | | | | |
|-----------------------------|---|-----------------------------|---|-------|
| | Unknown Funding Source | | | |
| \$3.85B | Class 3 Post-Event Bonds Up to \$500M Authorized (Paid by Insurer Assessments) | 70-Yr | | |
| \$3.35B | <table border="1"> <tr> <td>Catastrophe Bonds \$400M</td> <td>Reinsurance \$1.05B (in 2 Layers)</td> </tr> </table> | Catastrophe Bonds \$400M | Reinsurance \$1.05B (in 2 Layers) | 60-Yr |
| Catastrophe Bonds \$400M | Reinsurance \$1.05B (in 2 Layers) | | | |
| \$1.9B | Class 2 Post-Event Bonds Up to \$1.0B Authorized (Paid by Premium Surcharges to Coastal Policyholders, Wind Pool Policyholders, and Insurer Assessments) | | | |
| \$900M | Class 1 Post-Event Bonds An Additional \$500M in Funding Authorized ¹ (Paid by Wind Pool Policyholders) | | | |
| \$900M | Class 1 Pre-Event Bonds \$500M (Paid by Wind Pool Policyholders) | | | |
| \$400M | Premiums and Catastrophe Reserve Trust Fund (Retained Earnings) \$400M | | | |

¹This layer of bonds is authorized, but may not be marketable.

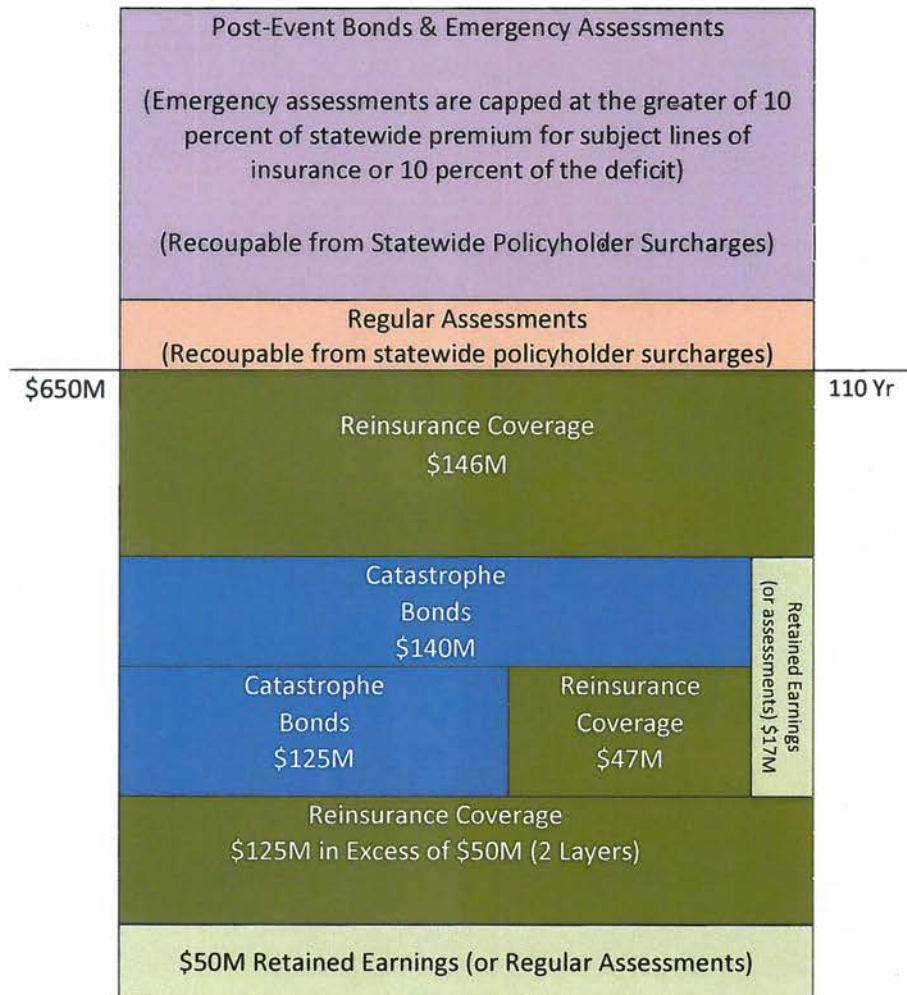
**2014 WIND POOL FUNDING
ALABAMA**



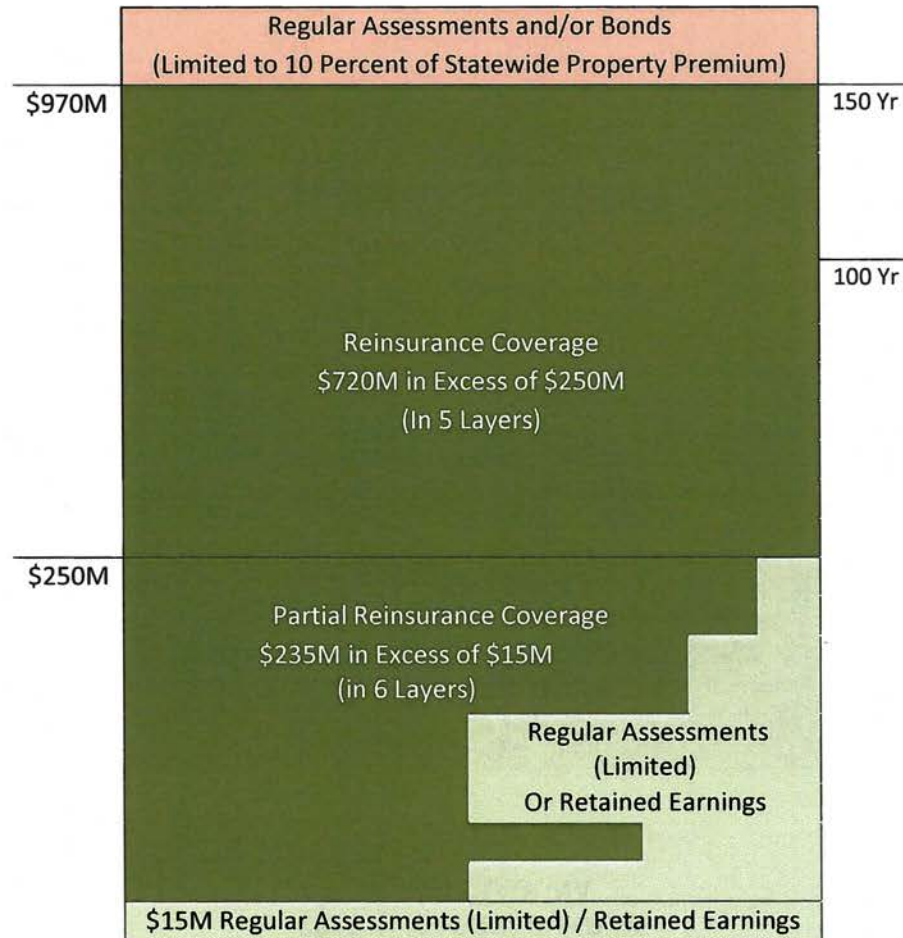
**2014 WIND POOL FUNDING
FLORIDA – COASTAL ACCOUNT ONLY**

| | | | | | |
|--|---|--------------------------------------|-------------------------------------|--|--------|
| \$11.8B | Emergency Assessments \$1.218B (up to the greater of 10% of the deficit, or 10% of subject premium) Recoupable from Statewide Policyholders | | | | 100 Yr |
| \$10.6B | Regular Assessments \$710M (up to 2% of premium) Recoupable from Statewide Policyholders | | | | 84 Yr |
| \$9.9B | Surcharges to Wind Pool Policies \$364M Retained Earnings \$991M | | | | 75 Yr |
| \$8.6B | Catastrophe Bonds \$1.5B | Reins. Gov. (Single-Yr) \$528M | Reins. Gov. (Multi-Yr) \$202M | Retained Earnings \$270M | 60 Yr |
| Retained Earnings \$56M | | | | Reinsurance Gov. CNR \$164M | |
| Catastrophe Bonds \$250M | | | | | |
| Reinsurance Coverage \$625M | | | | Retained Earnings Commercial - Non Residential (CNR) \$379M | |
| Florida Hurricane Catastrophe Fund (FHCF) Coverage 90% of 3.257B in Excess of \$1.218B | | | | | |
| \$122M LAE | Retained Earnings \$1.218B | | | | |

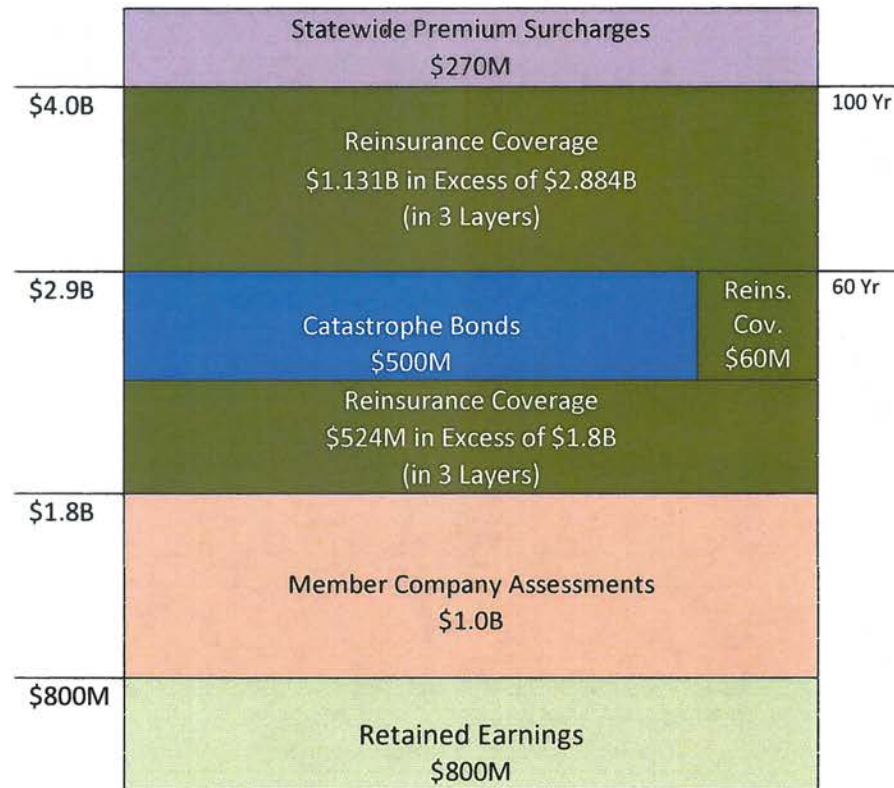
**2014 WIND POOL FUNDING
LOUISIANA**



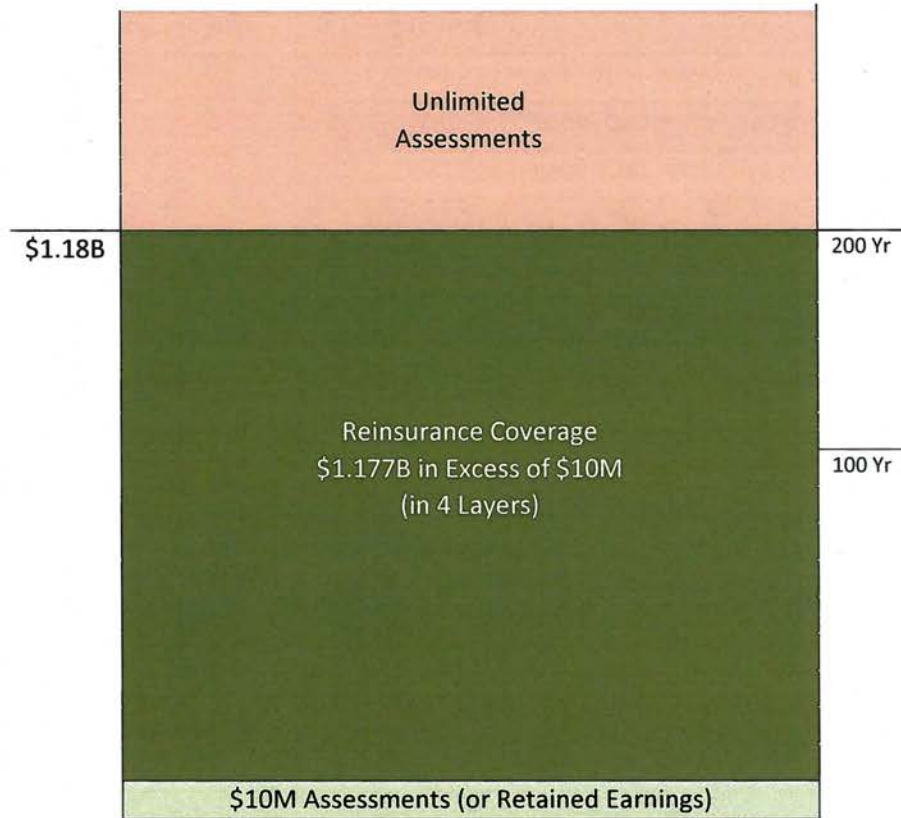
**2014 WIND POOL FUNDING
MISSISSIPPI**



**2014 WIND POOL FUNDING
NORTH CAROLINA**



**2014 WIND POOL FUNDING
SOUTH CAROLINA**



16.(c). What are the funding mechanisms for the wind pools?* (detail)

*All tables show funding only for the first event. Different reinsurance retentions and coverage may apply for second and subsequent hurricane events.

Texas

| Use in this order | Layers of Funding | Amount of Funding |
|-------------------|--|---|
| 6th | Class 3 Post-Event Debt / Bonds | \$500 million |
| 5th | Catastrophe Bonds / Reinsurance | \$100 million reinsurance after losses of \$3.25 billion |
| 4th | | \$400 million / \$950 million after losses of \$1.9 billion |
| 3rd | Class 2 Post-Event Debt / Bonds | \$1.0 billion |
| 2nd | Class 1 Pre-Event Debt / Bonds | \$500 million ¹ |
| 1st | Retained Earnings and Catastrophe Reserve Trust Fund | \$400 million |

Alabama

| Use in this order | Layers of Funding | Amount of Funding |
|-------------------|---------------------------------|--|
| 7th | Reinsurance | 6 th layer \$100 million after losses of \$500 million* |
| 6th | | 5 th layer \$250 million after losses of \$250 million |
| 5th | | 4 th layer \$100 million after losses of \$150 million |
| 4th | | 3 rd layer \$50 million after losses of \$100 million |
| 3rd | | 2 nd layer \$30 million after losses of \$70 million |
| 2nd | | 1 st layer \$30 million after losses of \$40 million* |
| 1st | Retained earnings / Assessments | \$40 million |

*Members may purchase at their option.

¹Up to \$1 billion of pre- and post-event Class 1 debt may be issued on behalf of TWIA. However, in order to provide a conservative estimate it is assumed that only \$500 million of the authorized Class 1 debt will be marketable.

Florida (coastal account only, excluding Commercial Non-Residential (CNR))

| Use in this Order | Layers of funding | Amount of Funding |
|-------------------|--|--|
| 10th | Emergency Assessments | \$1.218 billion. Up to 10 percent of the deficit; or 10 percent of premium. Recoupable from statewide policyholders. |
| 9th | Regular Assessments | \$710 million (2 percent of premium maximum). Recoupable from statewide policyholders. |
| 8th | Additional wind pool policyholder surcharges | \$364 million (15 percent maximum for each account: coastal, personal lines, and commercial lines) |
| 7th | Retained Earnings | \$991 million |
| 6th | Catastrophe Bonds / Additional Reinsurance / Retained Earnings | \$1.5 billion / \$730 million / \$270 million |
| 5th | Retained Earnings | \$ 56 million |
| 4th | Catastrophe Bonds | \$250 million |
| 3rd | Reinsurance | \$625 million |
| 2nd | Florida Hurricane Catastrophe Fund (FHCF) Coverage | 90 percent of \$3.257 billion in excess of \$1.218 billion |
| 1st | Retained Earnings | \$1.340 billion |

Louisiana

| Use in this Order | Layers of funding | Amount of Funding |
|-------------------|---|---|
| 9th | Bonding Authority | No statutory limit. |
| 8th | Emergency Assessments | Up to the greater of: (i) 10 percent of the original deficit; or (ii) 10 percent of statewide direct premium for subject lines of business. |
| 7th | Regular Assessments | Up to the greater of: (i) 10 percent of the original deficit; or (ii) 10 percent of statewide direct premium for subject lines of business ² . |
| 6th | Aggregate Reinsurance | 5 th layer \$146 million after an aggregate deductible of \$50 million |
| 5th | Catastrophe Bonds / Retained Earnings or Regular Assessments | 4 th layer \$140 million / \$8 million after losses of \$356 million |
| 4th | Catastrophe Bonds ¹ / Per Occurrence Reinsurance ¹ / Retained Earnings or Regular Assessments | 3 rd layer \$125 million / \$47 million / \$9 million after losses of \$175 million |
| 3rd | Per Occurrence Reinsurance ¹ | 2 nd layer \$100 million after losses of \$75 million |
| 2nd | | 1 st layer \$25 million after losses of \$50 million |
| 1st | Retained Earnings / Regular Assessments | \$50 million |

¹Benefits from these agreements inure to the aggregate reinsurance agreement. Therefore, although the aggregate reinsurance agreement has a low retention (\$50 million) it provides high layer first event coverage; or, if not exhausted from the first event, provides low-level second event coverage.

²Insurers may recoup regular assessments from policyholders through a market equalization charge. See also LRS 22:2307.

Mississippi

| Use in this order | Layers of Funding | Amount of Funding |
|-------------------|--|--|
| 13th | Bonds for excess losses | |
| 12th | Reinsurance (100 percent) | 11 th layer \$70 million after losses of \$900 million |
| 11th | | 10 th layer \$150 million after losses of \$750 million |
| 10th | | 9 th layer \$200 million after losses of \$550 million |
| 9th | | 8 th layer \$200 million after losses of \$350 million |
| 8th | | 7 th layer \$100 million after losses of \$250 million |
| 7th | Reinsurance / Regular Assessments (or Retained earnings) | 6 th layer \$45.5 million / \$4.5 million after losses of \$200 million |
| 6th | | 5 th layer \$57 million / \$18 million after losses of \$125 million |
| 5th | | 4 th layer \$25 million / \$25 million after losses of \$75 million |
| 4th | | 3 rd layer \$7.5 million / \$7.5 million after losses of \$60 million |
| 3rd | | 2 nd layer \$22.5 million / \$7.5 million after losses of \$30 million |
| 2nd | | 1 st layer \$7.5 million / \$7.5 million after losses of \$15 million |
| 1st | Regular Assessments / Retained earnings | \$15 million |

North Carolina

| Use in this order | Layers of Funding | Amount of Funding |
|-------------------|---------------------------------|--|
| 10th | Statewide premium surcharges | 8 th layer \$270 million after losses of \$4.015 billion |
| 9th | Additional Reinsurance | 7 th layer \$300 million after losses of \$3.715 billion |
| 8th | | 6 th layer \$381 million after losses of \$3.334 billion |
| 7th | | 5 th layer \$450 million after losses of \$2.885 billion |
| 6th | Catastrophe Bonds / Reinsurance | 4 th layer \$500 million / \$60 million after losses of \$2.324 billion |
| 5th | Reinsurance | 3 rd layer \$141 million after losses of \$2.183 billion |
| 4th | | 2 nd layer \$233 million after losses of \$1.95 billion |
| 3rd | | 1 st layer \$150 million after losses of \$1.8 billion |
| 2nd | Member assessments | \$1 billion |
| 1st | Retained earnings | \$800 million |

South Carolina

| Use in this order | Layers of Funding | Amount of Funding |
|-------------------|---------------------------------|---|
| 6th | Member assessments | Unlimited member assessments |
| 5th | Reinsurance | 4 th layer \$350 million after losses of \$837 million |
| 4th | | 3 rd layer \$250 million after losses of \$587 million |
| 3rd | | 2 nd layer \$150 million after losses of \$437 million |
| 2nd | | 1 st layer \$427 million after losses of \$10 million |
| 1st | Retained Earnings / Assessments | \$10 million |

17. Does the wind pool cap assessments of members or assessable insurers?

| State | Cap? | Recoupable?* | Details |
|-----------------------|-------------|---------------------|---|
| Texas | Yes | No | Member assessments capped at \$800 million plus interest. |
| Alabama | No | No | No cap on member assessments. Plan of operations limits first partial assessment to \$2 million per member. |
| Florida | Yes | Yes | Regular assessments of insurers apply only to the coastal account, and are capped at 2% of premium. Emergency assessments of policyholders are capped at the greater of 10% of the deficit or 10% of policy premium per year. |
| Louisiana | Yes | Yes | Regular insurer assessments capped at 10% of deficit or 10% of aggregate statewide premium. Emergency assessments of policyholders capped at greater of 10% of deficit or 10% of aggregate statewide premium. |
| Mississippi | Yes | Yes | Regular assessments capped at greater of 10% of deficit or 10% of aggregate statewide property premium. |
| North Carolina | Yes | No | Member assessments capped at \$1 billion. Policyholder pays a catastrophe reserve charge of up to 10% of annual policy premium. |
| South Carolina | No | No | No cap on member assessments. |

* "Yes" indicates assessment is recoupable via policyholder surcharge or direct pass-through.

"No" indicates no specific statutory provision; assessments possibly recouped through rate increases.