

Texas Windstorm Insurance Association

Commercial Property - Wind & Hail

Rate Level Review

Summary of Indicated Rate Change

By Method for Projecting Hurricane Loss & LAE

Exhibit 1

Hurricane Projection Method (1)	Indicated Loss & LAE Ratio			Total (5)	Variable Permissible LLAE Ratio (6)	Indicated Rate Change (7)
	Hurricane (2)	Non-Hurricane (3)	Fixed Expenses (4)			
Using Experience and Models	43.6%	4.5%	3.0%	51.1%	41.6%	+23%
Using Actual Industry Experience	45.1%	4.5%	3.0%	52.6%	41.6%	+26%
Using Hurricane Models	42.1%	4.5%	3.0%	49.6%	41.6%	+19%

Notes:

(2) Exhibit 5

(3) Exhibit 2, Sheet 1

(4) Exhibit 11

(5) = (2) + (3) + (4)

(6) Exhibit 11

(7) = (5) / (6) - 1

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Projected Ultimate Non-Hurricane Loss & LAE Ratio

Accident Year	Ultimate Non-Hurricane Loss	LAE Factor	Net Trend Factor	Projected Non-Hurricane Loss & LAE	Earned Premium at Current Rate Level	Indicated Non-Hurricane Loss & LAE Ratio
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1999	1,355,280	0.263	0.465	795,949	31,385,728	2.5%
2000	3,652,082	0.263	0.500	2,306,290	35,426,708	6.5%
2001	1,042,867	0.263	0.539	709,939	37,000,780	1.9%
2002	8,023,090	0.263	0.599	6,069,764	38,536,790	15.8%
2003	5,948,354	0.263	0.671	5,041,069	38,423,739	13.1%
2004	620,936	0.263	0.623	488,583	37,015,300	1.3%
2005	3,165,478	0.263	0.554	2,214,891	41,236,203	5.4%
2006	1,568,977	0.263	0.641	1,270,217	48,241,684	2.6%
2007	1,298,245	0.263	0.915	1,500,310	49,796,740	3.0%
2008	1,290,851	0.263	0.879	1,433,073	124,571,939	1.2%
Total	27,966,160			21,830,085	481,635,611	4.5%

Notes:

- (2) Exhibit 2, Sheet 2
- (3) Exhibit 4, Sheet 1
- (4) = Exhibit 2, Sheet 4
- (5) = (2) * [1 + (3)] * (4)
- (6) Exhibit 10, Sheet 1
- (7) = (5) / (6)

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 Projected Ultimate Non-Hurricane Loss

Accident Year	TWIA Non-Hurricane Paid Loss	Development Factor	Ultimate Non-Hurricane Loss
(1)	(2)	(3)	(4)
1999	1,355,280	1.000	1,355,280
2000	3,652,082	1.000	3,652,082
2001	1,042,867	1.000	1,042,867
2002	8,023,090	1.000	8,023,090
2003	5,948,354	1.000	5,948,354
2004	619,079	1.003	620,936
2005	3,121,773	1.014	3,165,478
2006	1,517,386	1.034	1,568,977
2007	1,224,759	1.060	1,298,245
2008	953,361	1.354	1,290,851
Total	27,458,031		27,966,160

Notes:

- (2) Exhibit 2, Sheet 3, as of 12/31/08
- (3) Exhibit 3, Sheet 1
- (4) = (2) * (3)

Texas Windstorm Insurance Association
Commercial Property - Wind & Hail
Rate Level Review

Exhibit 2
Sheet 3

Summary of TWIA Historical Paid Loss as of 12/31/08

Accident Year	Paid Loss Excluding Expense			Total
	Non-Hurricane (1)	Hurricane (2)	Hurricane (3)	
1999	1,355,280		2,778,137	4,133,417
2000	3,652,082		0	3,652,082
2001	1,042,867		0	1,042,867
2002	8,023,090		0	8,023,090
2003	5,948,354		5,905,206	11,853,560
2004	619,079		0	619,079
2005	3,121,773		67,290,693	70,412,466
2006	1,517,386		0	1,517,386
2007	1,224,759		3,641,195	4,865,954
2008	953,361		272,328,165	273,281,526
Total	27,458,031		351,943,396	379,401,427

Notes:

(2), (3) Provided by TWIA, includes commercial and farm
(4) = (2) + (3)

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Calculation of Net Trend Factors

Year / Quarter	Average EPPR		
(1)	(2)		
		(3) Current Average Earned Date	7/1/2008
2001 / 4	4,242.85	(4) Current Average Accident Date	7/1/2008
2002 / 4	4,678.80	(5) Prospective Average Earned / Accident Date	1/1/2011
2003 / 4	5,294.56	(6) Premium Trend Length	2.500
2004 / 4	5,153.34	(7) Loss Trend Length	2.500
2005 / 4	4,855.96	(8) Selected Premium Trend	10.4%
2006 / 4	5,964.62	(9) Selected Loss Trend	4.8%
2007 / 4	8,892.30		
2008 / 4	8,710.85		

Accident Year	Current Premium Trend	Current Loss Trend	Prospective Premium Trend	Prospective Loss Trend	Net Trend Factor
(10)	(11)	(12)	(13)	(14)	(15)
1999					
2000	2.500	1.323	1.279	1.124	0.465
2001	2.266	1.288	1.279	1.124	0.500
2002	2.053	1.259	1.279	1.124	0.539
2003	1.862	1.268	1.279	1.124	0.599
2004	1.645	1.256	1.279	1.124	0.671
2005	1.690	1.199	1.279	1.124	0.623
2006	1.794	1.130	1.279	1.124	0.554
2007	1.460	1.065	1.279	1.124	0.641
2008	0.980	1.020	1.279	1.124	0.915
2008	1.000	1.000	1.279	1.124	0.879

Notes:

- (2) Exhibit 3, Sheet 2 (10)
- (3) Latest Year / Quarter Ending Date - 6 Months
- (4) Latest Accident Year Ending Date - 6 Months
- (5) Rate Effective Date + 12 Months
- (6) = (5) - (3)
- (7) = (5) - (4)
- (8) Exhibit 3, Sheet 2
- (9) Exhibit 3, Sheet 3a
- (11) = (2) Indexed to 2008 / 4
- (12) Exhibit 3, Sheet 3a
- (13) = [1 + (8)] ^ (6)
- (14) = [1 + (9)] ^ (7)
- (15) = [(12) * (14)] / [(11) * (13)]

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Paid Loss Development Factors
TWIA Commercial Property Paid Loss

Accident Year	<u>Months of Development</u>							
	12 (1)	24 (2)	36 (3)	48 (4)	60 (5)	72 (6)	84 (7)	(8)
1999		1,237	1,343	1,343	1,354	1,355	1,355	1,355
2000		3,098	3,444	3,642	3,651	3,651	3,651	3,652
2001		803	1,043	1,043	1,043	1,043	1,043	1,043
2002		4,500	7,776	7,828	7,843	7,843	8,023	8,023
2003		3,841	4,824	4,917	5,548	5,948	5,948	
2004		261	619	619	619	619		
2005		2,400	2,965	3,122	3,122			
2006		1,208	1,517	1,517				
2007		1,095	1,225					
2008		953						

Accident Year	<u>Development Factors</u>							
	12 - 24 (1)	24 - 36 (2)	36 - 48 (3)	48 - 60 (4)	60 - 72 (5)	72 - 84 (6)	84 - Ult (7)	(8)
1999		1.086	1.000	1.008	1.001	1.000	1.000	
2000		1.112	1.057	1.002	1.000	1.000	1.000	
2001		1.299	1.000	1.000	1.000	1.000	1.000	
2002		1.728	1.007	1.002	1.000	1.023	1.000	
2003		1.256	1.019	1.128	1.072	1.000		
2004		2.372	1.000	1.000	1.000			
2005		1.235	1.053	1.000				
2006		1.256	1.000					
2007		1.119						
Average		1.261	1.019	1.020	1.012	1.005	1.000	
Avg x hi / lo		1.286	1.013	1.003	1.000	1.000	1.000	
Avg 3 Year		1.203	1.018	1.043	1.024	1.008	1.000	
Avg 5 Year		1.448	1.016	1.026	1.014	1.005	1.000	
Prior		1.294	1.030	1.020	1.010	1.002	1.000	1.000
Selected		1.278	1.025	1.020	1.011	1.003	1.000	1.000
Cumulative		1.354	1.060	1.034	1.014	1.003	1.000	1.000

Notes:

Provided by TWIA, includes commercial and farm,
excludes hurricanes Brett (1999), Claudette (2003), Rita (2005), Humberto (2007), Dolly (2008), and Ike (2008)

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Premium Trend Analysis
TWIA Commercial Earned Premium at Present Rates

Year / Quarter	Annualized			On- Level Factors	Premium at Present Rates		Earned Premium at Present Rates		Exponential Fitted Trends			
	Policies In-Force	Earned In-Force	Written Premium		Written	Earned	Annualized	Average	All-Year	5-Year	4-Year	3-Year
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
2000 / 2	8,859		5,626,538	2.083	11,717,426	9,738,109						
2000 / 3	8,813		4,715,765	2.083	9,820,715	10,030,985						
2000 / 4	8,721		3,679,020	2.083	7,661,664	9,617,227						
2001 / 1	8,389		3,044,471	2.002	6,096,344	9,071,774	38,458,094					
2001 / 2	8,213	8,615	4,984,498	2.002	9,981,114	8,523,806	37,243,791	4,323.26	3,893.73			
2001 / 3	8,323	8,473	5,838,967	2.002	11,692,130	8,768,733	35,981,539	4,246.74	3,990.85			
2001 / 4	8,266	8,355	4,447,661	2.002	8,906,135	9,083,119	35,447,432	4,242.85	4,090.40			
2002 / 1	8,268	8,283	3,875,921	1.907	7,391,681	9,263,634	35,639,291	4,302.90	4,192.43			
2002 / 2	8,271	8,275	6,159,013	1.907	11,745,714	9,630,334	36,745,819	4,440.72	4,297.00			
2002 / 3	8,790	8,340	6,989,701	1.907	13,329,901	10,029,811	38,006,898	4,556.98	4,404.19			
2002 / 4	8,980	8,488	6,994,547	1.907	13,339,142	10,789,911	39,713,690	4,678.80	4,514.04			
2003 / 1	8,951	8,663	5,028,770	1.734	8,718,412	11,630,304	42,080,360	4,857.69	4,626.64			
2003 / 2	9,138	8,856	7,788,606	1.734	13,503,158	11,998,759	44,448,785	5,018.85	4,742.05			
2003 / 3	9,594	9,065	9,285,559	1.734	16,098,436	12,560,843	46,979,817	5,182.41	4,860.33			
2003 / 4	9,573	9,240	7,123,586	1.734	12,350,209	12,731,193	48,921,098	5,294.56	4,981.57			
2004 / 1	9,618	9,397	6,128,526	1.576	9,659,151	12,832,098	50,122,892	5,333.71	5,105.82	4,949.13		
2004 / 2	9,799	9,563	8,846,383	1.576	13,942,758	13,024,470	51,148,603	5,348.38	5,233.18	5,061.27		
2004 / 3	10,280	9,732	8,697,733	1.576	13,708,471	12,723,002	51,310,763	5,272.51	5,363.72	5,175.95		
2004 / 4	10,127	9,887	7,364,599	1.576	11,607,322	12,370,253	50,949,822	5,153.34	5,497.51	5,293.23		
2005 / 1	9,966	10,000	6,989,071	1.433	10,014,049	12,255,746	50,373,470	5,037.60	5,634.64	5,413.17	4,370.49	
2005 / 2	10,118	10,083	9,921,901	1.433	14,216,253	12,189,406	49,538,406	4,913.12	5,775.18	5,535.83	4,612.79	
2005 / 3	10,595	10,162	10,205,225	1.433	14,622,204	12,515,092	49,330,496	4,854.35	5,919.24	5,661.27	4,868.53	
2005 / 4	10,447	10,242	8,664,280	1.433	12,414,314	12,772,059	49,732,302	4,855.96	6,066.89	5,789.55	5,138.44	
2006 / 1	10,683	10,371	10,035,655	1.365	13,694,516	13,145,888	50,622,445	4,881.09	6,218.22	5,920.73	5,423.32	5,058.25
2006 / 2	11,247	10,602	17,212,539	1.365	23,487,992	14,622,376	53,055,415	5,004.34	6,373.32	6,054.89	5,723.99	5,394.83
2006 / 3	12,309	10,957	24,238,113	1.327	32,162,915	17,953,372	58,493,696	5,338.36	6,532.30	6,192.09	6,041.33	5,753.82
2006 / 4	12,800	11,466	25,361,614	1.264	32,044,544	22,666,433	68,388,070	5,964.62	6,695.24	6,332.40	6,376.27	6,136.69
2007 / 1	13,083	12,060	19,813,271	1.218	24,140,965	26,555,793	81,797,975	6,782.73	6,862.24	6,475.88	6,729.77	6,545.04
2007 / 2	14,020	12,706	33,548,202	1.218	40,875,934	29,943,001	97,118,600	7,643.30	7,033.41	6,622.62	7,102.88	6,980.56
2007 / 3	15,113	13,404	34,575,445	1.218	42,127,552	33,785,485	112,950,712	8,426.96	7,208.85	6,772.68	7,496.67	7,445.06
2007 / 4	15,063	14,037	23,325,552	1.218	28,420,412	34,535,830	124,820,109	8,892.30	7,388.66	6,926.14	7,912.29	7,940.47
2008 / 1	14,589	14,508	18,055,293	1.181	21,321,549	34,017,632	132,281,947	9,117.86	7,572.97	7,083.08	8,350.95	8,468.85
2008 / 2	14,393	14,743	30,042,686	1.156	34,729,345	32,957,569	135,296,515	9,177.08	7,761.86	7,243.58	8,813.93	9,032.38
2008 / 3	14,968	14,771	30,943,124	1.156	35,770,251	30,645,544	132,156,574	8,946.80	7,955.47	7,407.71	9,302.58	9,633.42
2008 / 4	13,732	14,587	18,828,139	1.156	21,765,329	29,443,385	127,064,129	8,710.85	8,153.91	7,575.57	9,818.32	10,274.44
(14) Average Annual Change									10.4%	9.4%	24.1%	29.4%
(15) Correlation Coefficient									75.6%	75.0%	88.1%	86.9%
(16) Selected Premium Trend												10.4%

- Notes: (2) Provided by TWIA
(3) Calculated from (2) using uniform quarterly earning assumption
(4) Provided by TWIA
(5) Factor to bring written premium to current rate level
(6) = (4) * (5) Indexed to 2007 / 4
(7) Calculated from (6) using uniform monthly earning assumption
(8) = Sum of (7) for prior 4 quarters
(9) = (8) / (3)
(10) - (13) = (9) fitted to an exponential distribution, excluding 2007 / 2 - 2007 / 4
(14) Fitted average annual change, excluding 2007 / 2 - 2007 / 4
(15) Evaluates the predictability of the fitted curve
(16) Selected based on judgment

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Loss Trend Analysis
Summary of Indices and Calculation of Prospective Loss Costs

Calendar Year Ending 12/31/xx	Commercial		Residential		Modified CPI	Weighted Average
	Statewide Boeckh	Coastal Boeckh	Statewide Boeckh	Coastal Boeckh		
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1999			1.359	1.388	1.127	1.323
2000			1.332	1.350	1.102	1.288
2001			1.300	1.315	1.092	1.259
2002	1.316	1.325	1.285	1.299	1.096	1.268
2003	1.301	1.308	1.251	1.268	1.098	1.256
2004	1.229	1.240	1.170	1.183	1.074	1.199
2005	1.146	1.154	1.121	1.131	1.056	1.130
2006	1.072	1.076	1.052	1.057	1.032	1.065
2007	1.021	1.023	1.012	1.016	1.010	1.020
2008	1.000	1.000	1.000	1.000	1.000	1.000

Factors to Adjust For Prospective Loss Costs

(8) Fitted Trend	5.6%	5.7%	4.7%	5.0%	2.0%	4.8%
(9) Cost Factor	1.146	1.150	1.122	1.129	1.050	1.124

Notes:

- (2) = Exhibit 3, Sheet 3b trended forward to 12/31/2008
- (3) = Exhibit 3, Sheet 3c trended forward to 12/31/2008
- (4) = Residential Exhibit 3, Sheet 3b trended forward to 12/31/2008
- (5) = Residential Exhibit 3, Sheet 3c trended forward to 12/31/2008
- (6) = Exhibit 3, Sheet 3d
- (7) = 25% CPI and 75% Boeckh (most appropriate available by year)
- (8) = (2) - (7) fitted to an exponential curve using 5 years' data (where available)
- (9) = $[1 + (8)]^{2.5}$ (trended from 7/1/2008 to 1/1/2011)

**Texas Windstorm Insurance Association
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Loss Trend Analysis

Boeckh Commercial Construction Index Trend (Statewide)

Calendar Year Ending	Texas	Fitted Trends	
	Statewide Index	All Years Linear	Exponential
(1)	(2)	(3)	(4)
3/31/1999			
6/30/1999			
9/30/1999			
12/31/1999			
3/31/2000			
6/30/2000			
9/30/2000			
12/31/2000			
3/31/2001			
6/30/2001			
9/30/2001			
12/31/2001			
3/31/2002			
6/30/2002			
9/30/2002			
12/31/2002	1554.85	1496.95	1511.23
3/31/2003	1558.35	1521.27	1531.99
6/30/2003	1562.12	1545.59	1553.03
9/30/2003	1565.36	1569.91	1574.36
12/31/2003	1572.48	1594.23	1595.98
3/31/2004	1582.33	1618.56	1617.90
6/30/2004	1598.22	1642.88	1640.12
9/30/2004	1625.89	1667.20	1662.64
12/31/2004	1664.08	1691.52	1685.48
3/31/2005	1702.58	1715.84	1708.63
6/30/2005	1737.67	1740.16	1732.10
9/30/2005	1763.94	1764.48	1755.88
12/31/2005	1784.92	1788.80	1780.00
3/31/2006	1809.91	1813.13	1804.45
6/30/2006	1838.89	1837.45	1829.23
9/30/2006	1872.87	1861.77	1854.35
12/31/2006	1908.61	1886.09	1879.82
3/31/2007	1939.13	1910.41	1905.64
6/30/2007	1964.32	1934.73	1931.81
9/30/2007	1986.91	1959.05	1958.34
12/31/2007	2002.86	1983.37	1985.24
3/31/2008	2014.68	2007.70	2012.51
6/30/2008	2026.83	2032.02	2040.15
9/30/2008	2036.42	2056.34	2068.17
12/31/2008	2045.90	2080.66	2096.57
Annual Trend		4.7%	5.6%
R-Squared		0.979	0.978

Notes:

- (2) = Average Index for Austin, Corpus Christi, Dallas, El Paso, Fort Worth, Houston, Odessa, and San Antonio
- (3) - (4) = (2) fitted to linear and exponential distributions

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Loss Trend Analysis

Boeckh Commercial Construction Index Trend (Coastal)

Calendar Year Ending	Texas	Fitted Trends	
	Coastal Index	All Years Linear	Exponential
(1)	(2)	(3)	(4)
3/31/1999			
6/30/1999			
9/30/1999			
12/31/1999			
3/31/2000			
6/30/2000			
9/30/2000			
12/31/2000			
3/31/2001			
6/30/2001			
9/30/2001			
12/31/2001			
3/31/2002			
6/30/2002			
9/30/2002			
12/31/2002	1567.59	1506.33	1521.77
3/31/2003	1573.22	1531.48	1543.13
6/30/2003	1578.68	1556.63	1564.80
9/30/2003	1581.86	1581.79	1586.76
12/31/2003	1588.21	1606.94	1609.04
3/31/2004	1597.26	1632.09	1631.62
6/30/2004	1611.74	1657.24	1654.52
9/30/2004	1638.59	1682.39	1677.75
12/31/2004	1675.10	1707.55	1701.30
3/31/2005	1713.04	1732.70	1725.18
6/30/2005	1748.40	1757.85	1749.40
9/30/2005	1775.70	1783.00	1773.95
12/31/2005	1800.08	1808.15	1798.86
3/31/2006	1828.22	1833.31	1824.11
6/30/2006	1858.44	1858.46	1849.71
9/30/2006	1894.75	1883.61	1875.68
12/31/2006	1930.37	1908.76	1902.01
3/31/2007	1959.70	1933.91	1928.70
6/30/2007	1988.13	1959.06	1955.78
9/30/2007	2013.31	1984.22	1983.23
12/31/2007	2031.76	2009.37	2011.07
3/31/2008	2045.54	2034.52	2039.30
6/30/2008	2059.06	2059.67	2067.93
9/30/2008	2067.44	2084.82	2096.95
12/31/2008	2077.64	2109.98	2126.39
Annual Trend		4.8%	5.7%
R-Squared		0.978	0.979

Notes:

- (2) = Average Index for Corpus Christi and Houston
- (3) - (4) = (2) fitted to linear and exponential distributions

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Loss Trend Analysis

Modified Consumer Price Index - External Trend

Calendar Year Ending	Modified CPI	Fitted Trends								
		All Years		5 Years		4 Years		3 Years		
		Linear	Exponential	Linear	Exponential	Linear	Exponential	Linear	Exponential	Exponential
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
9/30/1998	158.12	157.71	157.98							
12/31/1998	158.91	158.23	158.47							
3/31/1999	159.37	158.75	158.96							
6/30/1999	159.86	159.27	159.45							
9/30/1999	160.43	159.80	159.94							
12/31/1999	160.76	160.32	160.44							
3/31/2000	161.80	160.84	160.93							
6/30/2000	162.72	161.36	161.43							
9/30/2000	163.61	161.88	161.93							
12/31/2000	164.37	162.41	162.43							
3/31/2001	165.07	162.93	162.93							
6/30/2001	165.68	163.45	163.43							
9/30/2001	165.69	163.97	163.93							
12/31/2001	165.84	164.50	164.44							
3/31/2002	165.55	165.02	164.95							
6/30/2002	165.22	165.54	165.46							
9/30/2002	165.32	166.06	165.97							
12/31/2002	165.32	166.58	166.48							
3/31/2003	164.94	167.11	166.99							
6/30/2003	164.84	167.63	167.51							
9/30/2003	164.70	168.15	168.03							
12/31/2003	164.88	168.67	168.54							
3/31/2004	165.74	169.20	169.06	165.90	166.01					
6/30/2004	166.59	169.72	169.59	166.75	166.83					
9/30/2004	167.69	170.24	170.11	167.61	167.65					
12/31/2004	168.65	170.76	170.64	168.46	168.48					
3/31/2005	169.97	171.29	171.16	169.32	169.31	169.34	169.41			
6/30/2005	170.57	171.81	171.69	170.17	170.14	170.19	170.23			
9/30/2005	170.65	172.33	172.22	171.03	170.98	171.05	171.06			
12/31/2005	171.45	172.85	172.75	171.88	171.82	171.90	171.89			
3/31/2006	171.92	173.37	173.28	172.73	172.67	172.75	172.73	172.61	172.64	
6/30/2006	172.99	173.90	173.82	173.59	173.52	173.60	173.57	173.48	173.49	
9/30/2006	174.59	174.42	174.36	174.44	174.37	174.45	174.41	174.36	174.35	
12/31/2006	175.51	174.94	174.89	175.30	175.23	175.30	175.26	175.23	175.21	
3/31/2007	176.12	175.46	175.43	176.15	176.10	176.15	176.11	176.11	176.08	
6/30/2007	177.26	175.99	175.98	177.01	176.96	177.01	176.97	176.98	176.95	
9/30/2007	178.35	176.51	176.52	177.86	177.84	177.86	177.83	177.86	177.83	
12/31/2007	179.24	177.03	177.06	178.72	178.71	178.71	178.69	178.73	178.71	
3/31/2008	180.25	177.55	177.61	179.57	179.59	179.56	179.56	179.60	179.60	
6/30/2008	180.62	178.07	178.16	180.43	180.48	180.41	180.43	180.48	180.49	
9/30/2008	181.06	178.60	178.71	181.28	181.37	181.26	181.31	181.35	181.38	
12/31/2008	181.11	179.12	179.26	182.14	182.26	182.11	182.19	182.23	182.28	
Annual Trend		1.2%	1.2%	1.9%	2.0%	1.9%	2.0%	1.9%	2.0%	
R-Squared		0.921	0.926	0.991	0.991	0.983	0.983	0.972	0.970	

Notes:

- (2) = Weighted average of CPI for Lodging, Apparel, Furnishings, and Medical Care
- (3) - (10) = (2) fitted to linear and exponential distributions

Texas Windstorm Insurance Association
Commercial Property - Wind & Hail
Rate Level Review

Development of LAE factor Using TWIA Commercial + Residential Experience

Accident Year	Projected Ultimate Loss	Projected Ultimate LAE	Ultimate LAE to Loss Ratio	Hurricane Indicator
(1)	(2)	(3)	(4)	(5)
1976		113	127	1.124
1977		72	132	1.833
1978		129	147	1.140
1979		1,423	488	0.343
1980		12,911	1,318	0.102 H
1981		2,512	543	0.216
1982		796	565	0.710
1983		148,999	9,127	0.061 H
1984		999	324	0.324
1985		512	297	0.580
1986		881	505	0.573 H
1987		1,897	1,056	0.557
1988		1,160	357	0.308
1989		12,296	3,528	0.287 H
1990		335	225	0.672
1991		1,217	729	0.599
1992		489	554	1.133
1993		3,375	1,375	0.407
1994		679	507	0.747
1995		2,977	903	0.303
1996		1,166	582	0.499
1997		2,964	1,343	0.453
1998		22,401	4,732	0.211
1999		8,773	2,388	0.272 H
2000		6,227	1,885	0.303
2001		3,881	1,883	0.485
2002		24,770	5,227	0.211
2003		24,606	5,130	0.208 H
2004		5,138	1,476	0.287
2005		153,963	20,424	0.133 H
2006		4,534	1,117	0.246
2007		15,117	4,904	0.324 H
2008		1,801,650	216,295	0.120 H
All Years Total	2,268,962	290,193	0.128	
Hurricane Years Total	2,179,196	263,619	0.121	
Non-Hurricane Years				
Total	89,766	26,574	0.296	
10 Year	74,737	19,655	0.263	

Notes:

- (2) Exhibit 4, Sheet 2
- (3) Exhibit 4, Sheet 4
- (4) = (3) / (2)
- (5) "H" indicates hurricane year

Texas Windstorm Insurance Association
Commercial Property - Wind & Hail
Rate Level Review
Ultimate Loss (TWIA All Lines)

Accident Year	Incurred Loss at 12/31/08	Development Factor	Indicated Ultimate Loss
(1)	(2)	(3)	(4)
1976			113
1977			72
1978			129
1979			1,423
1980			12,911
1981			2,512
1982			796
1983			148,999
1984			999
1985			512
1986			881
1987			1,897
1988			1,160
1989			12,296
1990			335
1991			1,217
1992			489
1993			3,375
1994			679
1995			2,977
1996			1,166
1997			2,964
1998			22,401
1999			8,773
2000			6,227
2001			3,881
2002	24,770	1.000	24,770
2003	24,606	1.000	24,606
2004	5,169	0.994	5,138
2005	153,502	1.003	153,963
2006	4,507	1.006	4,534
2007	15,813	0.956	15,117
2008	1,902,481	0.947	1,801,650

Notes:

- (2) Exhibit 4, Sheet 3
- (3) Exhibit 4, Sheet 3
- (4) 2001 - 2008: (2) * (3); 1976 - 2000: from prior TWIA annual statements

**Texas Windstorm Insurance Association
Commercial Property - Wind & Hail
Rate Level Review**

Incurred Loss Development Factors
TWIA Schedule P Incurred Loss (Including IBNR)

		<u>Months of Development</u>							
Accident Year	12	24	36	48	60	72	84		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1999		9,485	9,414	8,825	8,792	8,773	8,773	8,773	
2000		6,745	6,994	6,342	6,256	6,259	6,259	6,227	
2001		5,278	4,308	3,868	3,857	3,856	3,856	3,881	
2002		29,984	25,765	24,534	24,555	25,642	24,746	24,770	
2003		25,109	25,512	24,099	24,490	24,605	24,606		
2004		4,828	5,438	5,169	5,167	5,169			
2005		164,811	157,442	152,243	153,502				
2006		4,471	4,616	4,507					
2007		16,446	15,813						
2008		1,902,481							

		<u>Development Factors</u>							
Accident Year	12 - 24	24 - 36	36 - 48	48 - 60	60 - 72	72 - 84	84 - Ult		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1999		0.993	0.937	0.996	0.998	1.000	1.000		
2000		1.037	0.907	0.986	1.000	1.000	0.995		
2001		0.816	0.898	0.997	1.000	1.000	1.006		
2002		0.859	0.952	1.001	1.044	0.965	1.001		
2003		1.016	0.945	1.016	1.005	1.000			
2004		1.126	0.951	1.000	1.000				
2005		0.955	0.967	1.008					
2006		1.032	0.976						
2007		0.962							
Average		0.977	0.942	1.001	1.008	0.993	1.001		
Avg x hi / lo		0.979	0.943	1.000	1.001	1.000	1.000		
Avg 3 Year		0.983	0.965	1.008	1.016	0.988	1.001		
Avg 5 Year		1.018	0.958	1.004	1.010	0.993	1.001		
Prior		0.998	0.944	1.002	1.007	0.995	0.999	1.000	
Selected		0.991	0.950	1.003	1.009	0.994	1.000	1.000	
Cumulative		0.947	0.956	1.006	1.003	0.994	1.000	1.000	

Texas Windstorm Insurance Association
Commercial Property - Wind & Hail
Rate Level Review
Ultimate LAE (TWIA All Lines)

Accident Year	Incurred ALAE at 12/31/08	Development Factor	Indicated Ultimate ALAE	Incurred ULAE	Incurred LAE
(1)	(2)	(3)	(4)	(5)	(6)
1976					127
1977					132
1978					147
1979					488
1980					1,318
1981					543
1982					565
1983					9,127
1984					324
1985				160	137
1986				270	235
1987				652	404
1988				235	122
1989				2,727	801
1990				119	106
1991				403	326
1992				270	284
1993				806	569
1994				192	315
1995				698	205
1996				355	227
1997				892	451
1998				3,920	812
1999				1,757	631
2000				1,209	676
2001				1,210	673
2002	3,644	1.000	3,644	1,583	5,227
2003	3,255	0.998	3,248	1,882	5,130
2004	847	1.004	850	626	1,476
2005	16,151	1.022	16,506	3,918	20,424
2006	899	0.993	893	224	1,117
2007	3,107	1.041	3,234	1,670	4,904
2008	167,316	1.211	202,620	13,675	216,295

Notes:

- (2) Exhibit 4, Sheet 5
- (3) Exhibit 4, Sheet 5
- (4) 2001 - 2008: (2) * (3); 1985 - 2000: from TWIA's annual statements
- (5) From TWIA's annual statements
- (6) 1985 - 2008: (4) + (5); prior years from prior TWIA annual statements

**Texas Windstorm Insurance Association
Commercial Property - Wind & Hail
Rate Level Review**

Incurred ALAE Development Factors
TWIA Schedule P Incurred ALAE (Including IBNR)

		<u>Months of Development</u>							
Accident Year	12	24	36	48	60	72	84		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1999		1,440	1,656	1,826	1,751	1,771	1,757	1,757	1,757
2000		942	1,272	1,255	1,175	1,223	1,223	1,223	1,209
2001		1,207	1,185	1,313	1,201	1,207	1,207	1,207	1,210
2002		3,179	3,139	3,297	3,349	3,501	3,643	3,643	3,644
2003		2,882	3,017	3,133	3,235	3,254	3,255	3,255	
2004		814	837	839	844	847			
2005		12,902	16,742	18,549	16,151				
2006		704	891	899					
2007		2,660	3,107						
2008		167,316							

		<u>Development Factors</u>							
Accident Year	12 - 24	24 - 36	36 - 48	48 - 60	60 - 72	72 - 84	84 - Ult		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1999		1.150	1.103	0.959	1.011	0.992	1.000		
2000		1.350	0.987	0.936	1.041	1.000	0.989		
2001		0.982	1.108	0.915	1.005	1.000	1.002		
2002		0.987	1.050	1.016	1.045	1.041	1.000		
2003		1.047	1.038	1.033	1.006	1.000			
2004		1.028	1.002	1.006	1.004				
2005		1.298	1.108	0.871					
2006		1.266	1.009						
2007		1.168							
Average		1.142	1.051	0.962	1.019	1.007	0.998		
Avg x hi / lo		1.135	1.052	0.966	1.016	1.000	1.000		
Avg 3 Year		1.244	1.040	0.970	1.018	1.014	0.997		
Avg 5 Year		1.161	1.042	0.968	1.020	1.007	0.998		
Prior		1.131	1.055	0.992	1.018	1.004	0.998	1.000	
Selected		1.163	1.048	0.972	1.018	1.006	0.998	1.000	
Cumulative		1.211	1.041	0.993	1.022	1.004	0.998	1.000	

Texas Windstorm Insurance Association
Commercial Property - Wind & Hail
Rate Level Review

Exhibit 5

Summary of Indicated Hurricane Loss & LAE Ratios

Basis for Hurricane Loss Ratio	Indicated Loss Ratio	LAE Factor	Indicated Loss & LAE Ratio
(1)	(2)	(3)	(4)
Industry Experience	40.2%	0.121	45.1%
<u>Hurricane Models</u>			
AIR Model	33.1%	0.121	37.1%
RMS Model	42.0%	0.121	47.1%
Average of Models	37.6%	0.121	42.1%

Notes:

(2) Exhibit 6 - Exhibit 8, Sheet 1

(3) Exhibit 4, Sheet 1

(4) = (2) * [1 + (3)]

Texas Windstorm Insurance Association
Commercial Property - Wind & Hail
Rate Level Review

Industry Experience -- Commercial Extended Coverage
1970 - 2008 -- Hurricane Years Only

Accident Year	Earned Premium at Current TWIA Rate Level	Incurred Loss Ratio
(1)	(2)	(3)
1970	41,472,758	55.7%
1971	44,801,566	124.8%
1980	49,781,180	77.2%
1983	29,204,479	331.6%
1986	37,634,154	12.7%
1989	59,641,862	6.5%
1990	50,736,795	87.6%
1999	109,731,206	14.6%
2003	184,839,774	29.9%
2005	221,491,641	243.1%
2007	332,765,840	3.7%
2008	313,572,388	347.7%
<hr/>		
(4)	Simple Average Loss Ratio for Hurricane Years	111.3%
(5)	Selected Non-Hurricane Loss Ratio	10.5%
(6)	Average Hurricane Loss Ratio for Hurricane Years	100.8%
(7)	Historical Hurricane Frequency	
	(a) 39.3-Year (10/1/1969 - 12/31/2008)	0.331 (1 Hurricane Every 3.0 years)
	(b) 158-Year (1/1/1851 - 12/31/2008)	0.399 (1 Hurricane Every 2.5 years)
	Selected Frequency	0.399 (1 Hurricane Every 2.5 years)
(8)	Indicated Hurricane Loss Ratio	40.2%

Notes:

- (2) Exhibit 6, Sheet 2. 1999 year ending 12/31/99; all other accident years ending 9/30/xx
- (3) Exhibit 6, Sheet 2. 1999 year ending 12/31/99; all other accident years ending 9/30/xx
- (4) = Average of (3)
- (5) Exhibit 6, Sheet 2
- (6) = (4) - (5)
- (7) Exhibit 9
- (8) = (6) * (7) Selected

**Texas Windstorm Insurance Association
Commercial Property - Wind & Hail
Rate Level Review**

Industry Experience -- Commercial Extended Coverage
1970 - 2008

Accident Year	Earned Premium	Earned Premium at 1992 CMR	Earned Premium at Current Rates	Incurred Losses	Incurred Loss Ratio	Hurricane Indicator
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1970	10,874,210	18,835,352	41,472,758	23,092,142	55.7%	H
1971	13,340,143	20,347,170	44,801,566	55,893,676	124.8%	H
1972	18,906,678	24,314,307	53,536,636	8,704,522	16.3%	
1973	21,737,541	23,257,532	51,209,768	3,837,493	7.5%	
1974	22,348,193	22,844,661	50,300,685	2,193,087	4.4%	
1975	24,396,629	24,958,305	54,954,628	3,943,412	7.2%	
1976	26,795,934	24,109,943	53,086,656	2,218,115	4.2%	
1977	30,910,821	27,119,226	59,712,667	1,898,346	3.2%	
1978	32,709,599	26,415,338	58,162,806	2,535,872	4.4%	
1979	31,306,685	24,514,306	53,977,005	4,535,147	8.4%	
1980	28,751,765	22,607,257	49,781,180		77.2%	H
1981	24,129,384	21,398,588	47,119,692		10.4%	
1982	18,505,004	17,523,231	38,586,154		4.5%	
1983	12,680,397	13,262,706	29,204,479		331.6%	H
1984	12,736,031	14,992,627	33,013,765		10.9%	
1985	15,169,575	16,422,895	36,163,215		5.2%	
1986	21,130,682	17,090,896	37,634,154		12.7%	H
1987	31,114,529	26,771,157	58,950,088		2.2%	
1988	25,065,531	24,117,319	53,106,337		10.9%	
1989	24,167,085	27,085,314	59,641,862		6.5%	H
1990	19,677,404	23,041,233	50,736,795		87.6%	H
1991	21,794,680	25,534,881	56,227,808		85.3%	
1992	23,737,753	26,950,473	59,344,942		2.1%	
1993	21,990,182		48,422,380		6.5%	
1994	16,604,950		36,564,100		15.4%	
1995	32,374,229		71,288,052		33.0%	
1996	55,367,089		121,918,329		3.8%	
1997	53,196,024		117,137,644		5.1%	
1998	53,986,058		113,267,501		26.0%	
1999	52,435,243		109,731,206		14.6%	H
2000	54,075,799		112,138,335		9.2%	
2001	55,138,021		113,194,648		6.6%	
2002	69,182,763		140,573,834		21.3%	
2003	92,538,533		184,839,774		29.9%	H
2004	103,753,862		204,246,114		2.7%	
2005	114,533,460		221,491,641		243.1%	H
2006	141,880,716		268,781,733		4.4%	
2007	182,319,805		332,765,840		3.7%	H
2008	172,747,196		313,572,388		347.7%	H
Total / Average	1,784,110,183		3,640,659,165		42.5%	
Average of Non-Hurricane Years					11.9%	
Average of Non-Hurricane Years Excluding 1991 Selected					9.1%	
					10.5%	

Notes:

- (2) Provided by TDI. 1970 - 1994 are year ending 9/30/xx as of 12/31/99; 1995 - 2008 are year ending 12/31/xx as of 12/31/08
- (3) Provided by TDI (1992 MR = 1992 manual rates)
- (4) 1980 - 2008: Sum of Exhibit 6, Sheet 4 - Sheet 7, (5); 1970 - 1979: (3) * 2.202
- (5) Provided by TDI. 1980 - 1994 are year ending 9/30/xx as of 12/31/99; 1995 - 2008 are year ending 12/31/xx as of 12/31/08
- (6) 1980 - 2008: Exhibit 6, Sheet 3; 1970 - 1979: (5) / (4)
- (7) "H" indicates occurrence of hurricane(s) during the time period

Texas Windstorm Insurance Association
Commercial Property - Wind & Hail
Rate Level Review
Industry Experience -- Commercial Extended Coverage

<u>Loss Ratios by Territory / Tier</u>					
Accident Year	Territory 8	Territory 9	Territory 10	Tier 2	Weighted Loss Ratio
(1)	(2)	(3)	(4)	(5)	(6)
1980	3.6%	187.8%	59.2%	13.5%	77.2%
1981	22.1%	7.1%	6.4%	7.9%	10.4%
1982	2.7%	4.5%	5.4%	7.1%	4.5%
1983	1236.3%	5.3%	57.5%	207.1%	331.6%
1984	10.6%	5.3%	13.6%	19.8%	10.9%
1985	5.1%	3.5%	6.1%	11.1%	5.2%
1986	4.1%	1.4%	22.4%	17.5%	12.7%
1987	0.7%	2.3%	2.9%	4.2%	2.2%
1988	16.1%	4.8%	11.4%	6.7%	10.9%
1989	18.7%	2.4%	2.7%	7.6%	6.5%
1990	331.4%	3.5%	12.4%	9.5%	87.6%
1991	29.9%	29.6%	140.6%	6.5%	85.3%
1992	1.0%	1.4%	3.0%	5.3%	2.1%
1993	19.0%	2.5%	2.5%	8.0%	6.5%
1994	0.5%	5.2%	27.6%	11.1%	15.4%
1995	10.9%	14.5%	52.9%	29.0%	33.0%
1996	2.1%	4.0%	4.4%	9.3%	3.8%
1997	7.4%	2.8%	5.1%	12.7%	5.1%
1998	53.5%	19.4%	16.2%	12.9%	26.0%
1999	7.1%	17.8%	16.7%	13.0%	14.6%
2000	3.8%	2.2%	14.6%	64.7%	9.2%
2001	11.3%	3.3%	5.7%	30.0%	6.6%
2002	24.1%	42.7%	9.6%	12.0%	21.3%
2003	3.4%	9.3%	52.9%	31.3%	29.9%
2004	4.6%	0.9%	2.6%	3.5%	2.7%
2005	87.7%	2.1%	439.3%	52.7%	243.1%
2006	2.7%	1.2%	6.7%	5.2%	4.4%
2007	1.8%	1.4%	5.6%	7.7%	3.7%
2008	590.9%	3.2%	400.8%	286.6%	347.7%
Average	86.7%	13.5%	48.5%	31.5%	49.0%

<u>TWIA 2008 Written Premium by Territory / Tier</u>					
	Territory 8	Territory 9	Territory 10	Tier 2	Total
(7) Amount	23,748,005	24,235,862	49,226,139	659,236	97,869,242
(8) % Share	24.27%	24.76%	50.30%	0.67%	100.00%

Notes:

- (2) Exhibit 6, Sheet 4
- (3) Exhibit 6, Sheet 5
- (4) Exhibit 6, Sheet 6
- (5) Exhibit 6, Sheet 7
- (6) = Weighted average of (2) to (5), using (8)
- (7) Provided by TWIA
- (8) = (7) / (7) Total

Texas Windstorm Insurance Association
Commercial Property - Wind & Hail
Rate Level Review

Industry Experience -- Commercial Extended Coverage
Tier 1 -- Territory 8 (Galveston County)

Accident Year	Earned Premium	Earned Premium at 1992 MR	TWIA Factor to Current Rate Level	Earned Premium at Current Rates	Incurred Loss	Incurred Loss Ratio
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1980	2,179,376	1,765,490	2.202	3,887,609	138,757	3.6%
1981	2,387,015	2,241,676	2.202	4,936,171	1,089,270	22.1%
1982	1,604,454	1,510,804	2.202	3,326,790	88,884	2.7%
1983	913,865	968,224	2.202	2,132,029	26,357,425	1236.3%
1984	1,195,339	1,366,667	2.202	3,009,401	318,455	10.6%
1985	2,581,481	2,777,593	2.202	6,116,260	314,878	5.1%
1986	3,013,362	2,349,181	2.202	5,172,897	211,282	4.1%
1987	3,004,153	2,585,122	2.202	5,692,439	37,480	0.7%
1988	2,905,355	2,728,206	2.202	6,007,510	969,836	16.1%
1989	2,825,114	3,015,974	2.202	6,641,175	1,244,199	18.7%
1990	2,303,321	2,474,141	2.202	5,448,058	18,053,460	331.4%
1991	2,203,500	2,080,579	2.202	4,581,435	1,371,244	29.9%
1992	2,352,391	2,012,473	2.202	4,431,466	46,331	1.0%
1993	2,406,016		2.202	5,298,047	1,005,945	19.0%
1994	2,807,090		2.202	6,181,212	28,034	0.5%
1995	2,645,757		2.202	5,825,957	635,625	10.9%
1996	5,519,716		2.202	12,154,415	249,644	2.1%
1997	5,461,636		2.202	12,026,522	886,485	7.4%
1998	6,133,105		1.218	7,470,122	3,994,564	53.5%
1999	6,706,028		1.206	8,087,470	575,316	7.1%
2000	6,783,000		1.241	8,417,703	320,131	3.8%
2001	6,607,911		1.294	8,550,637	962,576	11.3%
2002	8,206,299		1.333	10,938,997	2,632,325	24.1%
2003	11,209,351		1.402	15,715,510	529,845	3.4%
2004	12,158,606		1.500	18,237,909	830,387	4.6%
2005	13,769,551		1.608	22,141,438	19,409,231	87.7%
2006	17,936,148		1.701	30,509,388	812,158	2.7%
2007	24,063,676		1.834	44,132,782	796,230	1.8%
2008	24,447,685		1.916	46,841,764	276,782,960	590.9%
Total	186,330,301			323,913,113	360,692,957	111.4%

Notes:

- (2) Provided by TDI. 1980 - 1994 are year ending 9/30/xx as of 12/31/99; 1995 - 2008 are year ending 12/31/xx as of 12/31/08
- (3) Provided by TDI (1992 MR = 1992 manual rates)
- (4) Represents 1/1/98 through 2/1/08 rate changes for TWIA; factors assume uniform earning of written premium and that TWIA premium represents 80.8% of industry data in Tier 1 -- Territory 8
- (5) = (3) * (4) for 1980 - 1992; (2) * (4) for 1993 - 2008
- (6) Provided by TDI. 1980 - 1994 are year ending 9/30/xx as of 12/31/99; 1995 - 2008 are year ending 12/31/xx as of 12/31/08
- (7) = (6) / (5)

Texas Windstorm Insurance Association
Commercial Property - Wind & Hail
Rate Level Review

Industry Experience -- Commercial Extended Coverage
Tier 1 -- Territory 9 (Nueces County)

Accident Year	Earned Premium	Earned Premium at 1992 MR	TWIA Factor to Current Rate Level	Earned Premium at Current Rates	Incurred Loss	Incurred Loss Ratio
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1980	1,624,738	1,309,460	2.202	2,883,431	5,415,696	187.8%
1981	1,367,219	1,286,028	2.202	2,831,834	200,989	7.1%
1982	1,347,308	1,333,262	2.202	2,935,843	132,668	4.5%
1983	745,985	820,826	2.202	1,807,459	96,051	5.3%
1984	558,639	652,809	2.202	1,437,485	76,481	5.3%
1985	1,235,059	1,383,103	2.202	3,045,593	106,148	3.5%
1986	2,228,911	1,849,840	2.202	4,073,348	56,387	1.4%
1987	2,381,538	2,086,940	2.202	4,595,442	105,275	2.3%
1988	1,796,653	1,719,227	2.202	3,785,738	181,414	4.8%
1989	1,632,453	1,826,430	2.202	4,021,799	98,116	2.4%
1990	1,429,526	1,769,972	2.202	3,897,478	135,678	3.5%
1991	1,390,109	1,555,310	2.202	3,424,793	1,013,636	29.6%
1992	1,571,433	1,629,721	2.202	3,588,646	49,512	1.4%
1993	1,587,772		2.202	3,496,274	86,000	2.5%
1994	2,203,514		2.202	4,852,138	254,088	5.2%
1995	2,669,951		2.202	5,879,232	854,753	14.5%
1996	5,639,923		2.202	12,419,110	502,177	4.0%
1997	3,183,758		2.202	7,010,635	199,390	2.8%
1998	3,613,310		2.227	8,046,841	1,561,275	19.4%
1999	6,808,428		2.253	15,339,388	2,735,082	17.8%
2000	6,674,913		2.179	14,544,635	317,804	2.2%
2001	6,341,025		2.081	13,195,673	431,244	3.3%
2002	8,481,627		2.014	17,081,997	7,300,265	42.7%
2003	11,816,451		1.911	22,581,238	2,108,974	9.3%
2004	13,741,397		1.786	24,542,135	212,644	0.9%
2005	15,983,115		1.673	26,739,751	566,758	2.1%
2006	20,884,767		1.590	33,206,780	409,054	1.2%
2007	27,775,107		1.491	41,412,685	572,617	1.4%
2008	27,324,202		1.439	39,319,527	1,258,231	3.2%
Total	184,038,831			331,996,928	27,038,407	8.1%

Notes:

- (2) Provided by TDI. 1980 - 1994 are year ending 9/30/xx as of 12/31/99; 1995 - 2008 are year ending 12/31/xx as of 12/31/08
- (3) Provided by TDI (1992 MR = 1992 manual rates)
- (4) Represents 1/1/98 through 2/1/08 rate changes for TWIA; factors assume uniform earning of written premium and that TWIA premium represents 75.5% of industry data in Tier 1 -- Territory 9
- (5) = (3) * (4) for 1980 - 1992; (2) * (4) for 1993 - 2008
- (6) Provided by TDI. 1980 - 1994 are year ending 9/30/xx as of 12/31/99; 1995 - 2008 are year ending 12/31/xx as of 12/31/08
- (7) = (6) / (5)

Texas Windstorm Insurance Association
Commercial Property - Wind & Hail
Rate Level Review

Exhibit 6
Sheet 6

Industry Experience -- Commercial Extended Coverage
Tier 1 -- Territory 10 (Other Tier 1)

Accident Year	Earned Premium	Earned Premium at 1992 MR	TWIA Factor to Current Rate Level	Earned Premium at Current Rates	Incurred Loss	Incurred Loss Ratio
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1980	6,741,179	5,553,426	2.202	12,228,644	7,244,604	59.2%
1981	4,418,649	3,950,311	2.202	8,698,585	555,175	6.4%
1982	4,012,396	3,832,674	2.202	8,439,548	453,010	5.4%
1983	3,769,988	4,139,464	2.202	9,115,100	5,242,728	57.5%
1984	4,835,650	5,883,059	2.202	12,954,496	1,759,233	13.6%
1985	3,637,366	3,997,227	2.202	8,801,894	534,724	6.1%
1986	4,787,352	3,948,102	2.202	8,693,721	1,943,819	22.4%
1987	5,996,981	5,352,970	2.202	11,787,240	338,938	2.9%
1988	5,872,305	5,768,621	2.202	12,702,503	1,442,599	11.4%
1989	5,125,436	5,918,163	2.202	13,031,795	349,413	2.7%
1990	3,842,130	4,624,825	2.202	10,183,865	1,263,817	12.4%
1991	4,253,902	4,765,878	2.202	10,494,463	14,752,702	140.6%
1992	4,034,147	4,187,015	2.202	9,219,807	276,158	3.0%
1993	4,540,606		2.202	9,998,414	245,603	2.5%
1994	5,145,260		2.202	11,329,863	3,130,886	27.6%
1995	9,324,050		2.202	20,531,558	10,852,486	52.9%
1996	15,331,047		2.202	33,758,965	1,478,175	4.4%
1997	17,116,368		2.202	37,690,242	1,911,482	5.1%
1998	17,623,413		2.221	39,141,600	6,340,723	16.2%
1999	15,019,386		2.242	33,673,463	5,614,569	16.7%
2000	15,563,988		2.185	34,007,314	4,967,954	14.6%
2001	15,159,550		2.108	31,956,331	1,824,700	5.7%
2002	20,530,076		2.057	42,230,366	4,053,342	9.6%
2003	28,448,061		1.977	56,241,817	29,757,859	52.9%
2004	30,462,813		1.881	57,300,551	1,462,655	2.6%
2005	33,794,437		1.793	60,593,426	266,199,469	439.3%
2006	45,511,259		1.729	78,688,967	5,251,400	6.7%
2007	72,297,916		1.653	119,508,455	6,682,108	5.6%
2008	65,514,959		1.613	105,675,629	423,560,229	400.8%
Total	472,710,670			908,678,622	809,490,560	89.1%

Notes:

- (2) Provided by TDI. 1980 - 1994 are year ending 9/30/xx as of 12/31/99; 1995 - 2008 are year ending 12/31/xx as of 12/31/08
- (3) Provided by TDI (1992 MR = 1992 manual rates)
- (4) Represents 1/1/98 through 2/1/08 rate changes for TWIA; factors assume uniform earning of written premium and that TWIA premium represents 58.3% of industry data in Tier 1 -- Territory 10
- (5) = (3) * (4) for 1980 - 1992; (2) * (4) for 1993 - 2008
- (6) Provided by TDI. 1980 - 1994 are year ending 9/30/xx as of 12/31/99; 1995 - 2008 are year ending 12/31/xx as of 12/31/08
- (7) = (6) / (5)

Texas Windstorm Insurance Association
Commercial Property - Wind & Hail
Rate Level Review

Exhibit 6
Sheet 7

Industry Experience -- Commercial Extended Coverage
Tier 2 (Territories 1 and 11)

AY Ending	Earned Premium	Earned Premium at 1992 MR	TWIA Factor to Current Rate Level	Earned Premium at Current Rates	Incurred Loss	Incurred Loss Ratio
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1980	18,206,472	13,978,881	2.202	30,781,496	4,157,674	13.5%
1981	15,956,501	13,920,573	2.202	30,653,102	2,427,294	7.9%
1982	11,540,846	10,846,491	2.202	23,883,973	1,700,638	7.1%
1983	7,250,559	7,334,192	2.202	16,149,891	33,451,768	207.1%
1984	6,146,403	7,090,092	2.202	15,612,383	3,096,573	19.8%
1985	7,715,669	8,264,972	2.202	18,199,468	2,019,280	11.1%
1986	11,101,057	8,943,773	2.202	19,694,188	3,439,343	17.5%
1987	19,731,857	16,746,125	2.202	36,874,967	1,552,595	4.2%
1988	14,491,218	13,901,265	2.202	30,610,586	2,041,063	6.7%
1989	14,584,082	16,324,747	2.202	35,947,093	2,746,147	7.6%
1990	12,102,427	14,172,295	2.202	31,207,394	2,967,816	9.5%
1991	13,947,169	17,133,114	2.202	37,727,117	2,440,246	6.5%
1992	15,779,782	19,121,264	2.202	42,105,023	2,232,412	5.3%
1993	13,455,788		2.202	29,629,645	2,357,383	8.0%
1994	6,449,086		2.202	14,200,887	1,579,205	11.1%
1995	17,734,471		2.202	39,051,305	11,314,057	29.0%
1996	28,876,403		2.202	63,585,839	5,938,855	9.3%
1997	27,434,262		2.202	60,410,245	7,691,121	12.7%
1998	26,616,230		2.202	58,608,938	7,574,576	12.9%
1999	23,901,401		2.202	52,630,885	6,821,707	13.0%
2000	25,053,898		2.202	55,168,683	35,670,537	64.7%
2001	27,029,535		2.201	59,492,007	17,852,673	30.0%
2002	31,964,761		2.200	70,322,474	8,461,924	12.0%
2003	41,064,670		2.199	90,301,209	28,224,287	31.3%
2004	47,391,046		2.198	104,165,519	3,696,182	3.5%
2005	50,986,357		2.197	112,017,026	59,013,480	52.7%
2006	57,548,542		2.196	126,376,598	6,591,817	5.2%
2007	58,183,106		2.195	127,711,918	9,864,934	7.7%
2008	55,460,350		2.195	121,735,468	348,891,806	286.6%
Total	707,703,948			1,554,855,327	625,817,393	40.2%

Notes:

- (2) Provided by TDI. 1980 - 1994 are year ending 9/30/xx as of 12/31/99; 1995 - 2008 are year ending 12/31/xx as of 12/31/08
- (3) Provided by TDI (1992 MR = 1992 manual rates)
- (4) Represents 1/1/98 through 2/1/08 rate changes for TWIA; factors assume uniform earning of written premium and that TWIA premium represents 0.7% of industry data in Tier 2
- (5) = (3) * (4) for 1980 - 1992; (2) * (4) for 1993 - 2008
- (6) Provided by TDI. 1980 - 1994 are year ending 9/30/xx as of 12/31/99; 1995 - 2008 are year ending 12/31/xx as of 12/31/08
- (7) = (6) / (5)

Texas Windstorm Insurance Association
Commercial Property - Wind & Hail
Rate Level Review

Exhibit 7
Sheet 1

Hurricane Loss Ratio -- AIR Model

County	TWIA Insured Values (000s) as of 6/30/08	Modeled Loss Cost	Expected Annual Hurricane Loss
(1)	(2)	(3)	(4)
Aransas	339,272	4.691	1,591,525
Brazoria	1,351,458	1.922	2,597,502
Calhoun	187,090	1.955	365,761
Cameron	2,519,232	1.660	4,181,925
Chambers	176,668	1.554	274,542
Galveston	2,991,803	4.879	14,597,007
Harris	82,370	4.570	376,431
Jefferson	1,503,294	1.311	1,970,818
Kenedy	4,966	0.944	4,688
Kleberg	233,195	0.587	136,885
Matagorda	241,048	2.476	596,835
Nueces	3,601,620	3.617	13,027,060
Refugio	55,574	0.999	55,518
San Patricio	455,328	2.986	1,359,609
Willacy	64,854	1.380	89,499
Total	13,807,772	2.986	41,225,605
(5) 2008 Earned Premium at Present Rates			124,571,939
(6) Indicated Hurricane Loss Ratio			33.1%

Notes:

- (2) Provided by TWIA
- (3) Exhibit 7, Sheet 2
- (4) = (2) * (3)
- (5) Exhibit 10, Sheet 1
- (6) = (4) Total / (5)

Texas Windstorm Insurance Association
Commercial Property - Wind & Hail
Rate Level Review

AIR Simulated Hurricane Results

County	TWIA Insured Values (000s) as of 12/31/08	Average Annual Modeled Loss	Modeled Loss Cost
(1)	(2)	(3)	(4)
Aransas	366,815	1,720,600	4.691
Brazoria	1,199,758	2,306,176	1.922
Calhoun	141,634	276,838	1.955
Cameron	2,321,644	3,853,323	1.660
Chambers	99,090	153,983	1.554
Galveston	2,801,368	13,667,918	4.879
Harris	144,691	661,286	4.570
Jefferson	1,462,917	1,917,419	1.311
Kenedy	3,391	3,201	0.944
Kleberg	235,699	138,471	0.587
Matagorda	197,449	488,877	2.476
Nueces	3,385,987	12,248,708	3.617
Refugio	30,221	30,192	0.999
San Patricio	417,197	1,245,734	2.986
Willacy	52,238	72,082	1.380
Total	12,860,099	38,784,808	3.016

Notes:

- (2) Provided by TWIA and Geo-coded by AIR
- (3) Provided by AIR
- (4) = (3) / (2)

Texas Windstorm Insurance Association
Commercial Property - Wind & Hail
Rate Level Review

Hurricane Loss Ratio -- RMS Model

County	TWIA Insured Values (000s) as of 6/30/08	Modeled Loss Cost	Expected Annual Hurricane Loss
(1)	(2)	(3)	(4)
Aransas	339,272	4.791	1,625,452
Brazoria	1,351,458	2.911	3,934,094
Calhoun	187,090	3.917	732,832
Cameron	2,519,232	3.967	9,993,793
Chambers	176,668	2.389	422,060
Galveston	2,991,803	5.964	17,843,113
Harris	82,370	3.793	312,429
Jefferson	1,503,294	1.925	2,893,841
Kenedy	4,966	0.976	4,847
Kleberg	233,195	1.172	273,305
Matagorda	241,048	2.943	709,404
Nueces	3,601,620	3.426	12,339,150
Refugio	55,574	1.515	84,195
San Patricio	455,328	2.156	981,687
Willacy	64,854	2.004	129,967
Total	13,807,772	3.786	52,280,169
(5) 2008 Earned Premium at Present Rates			124,571,939
(6) Indicated Hurricane Loss Ratio			42.0%

Notes:

- (2) Provided by TWIA
- (3) Exhibit 8, Sheet 2
- (4) = (2) * (3)
- (5) Exhibit 10, Sheet 1
- (6) = (4) Total / (5)

Texas Windstorm Insurance Association
Commercial Property - Wind & Hail
Rate Level Review

RMS Simulated Hurricane Results

County	TWIA Insured Values (000s) as of 12/31/08	Average Annual Modeled Loss	Modeled Loss Cost
(1)	(2)	(3)	(4)
Aransas	326,494	1,564,285	4.791
Brazoria	1,192,638	3,472,174	2.911
Calhoun	186,700	731,340	3.917
Cameron	2,321,644	9,210,159	3.967
Chambers	153,899	367,651	2.389
Galveston	2,808,313	16,749,773	5.964
Harris	88,283	334,880	3.793
Jefferson	1,463,461	2,816,905	1.925
Kenedy	3,391	3,308	0.976
Kleberg	235,699	276,253	1.172
Matagorda	197,449	581,106	2.943
Nueces	3,396,002	11,636,382	3.426
Refugio	30,221	45,787	1.515
San Patricio	410,030	883,941	2.156
Willacy	52,238	104,688	2.004
Total	12,866,462	48,778,632	3.791

Notes:

(2) Provided by TWIA and Geo-coded by RMS

(3) Provided by RMS

(4) = (3) / (2)

Texas Windstorm Insurance Association
Commercial Property - Wind & Hail
Rate Level Review
Texas Hurricanes 1850 - 2008

<u>Landfall</u>			<u>Landfall</u>		
Year	Month	Name	Year	Month	Name
(1)	(2)		(1)	(2)	
1851	Jun		1929	Jun	
1854	Jun		1932	Aug	"Freeport"
1854	Sep	"Matagorda"	1933	Aug	
1865	Sep	"Sabine River-Lake Calcasieu"	1933	Sep	
1866	Jul		1934	Jul	
1867	Oct	"Galveston"	1936	Jun	
1869	Aug	"Lower Texas Coast"	1940	Aug	
1875	Sep		1941	Sep	
1879	Aug		1942	Aug	
1880	Aug		1942	Aug	
1882	Sep		1943	Jul	
1886	Jun		1945	Aug	
1886	Aug	"Indianola"	1947	Aug	
1886	Sep		1949	Oct	
1886	Oct		1957	Jun	Audrey
1887	Sep		1959	Jul	Debra
1888	Jun		1961	Sep	Carla
1891	Jul		1963	Sep	Cindy
1895	Aug		1967	Sep	Beulah
1897	Sep		1970	Aug	Celia
1900	Sep	"Galveston"	1971	Sep	Fern
1909	Jun		1980	Aug	Allen
1909	Jul	"Velasco"	1983	Aug	Alicia
1909	Aug		1986	Jun	Bonnie
1910	Sep		1989	Aug	Chantal
1912	Oct		1989	Oct	Jerry
1913	Jun		1999	Aug	Bret
1915	Aug	"Galveston"	2003	Jul	Claudette
1916	Aug		2005	Sep	Rita
1919	Sep		2007	Sep	Humberto
1921	Jun		2008	Jul	Dolly
			2008	Sep	Ike

Frequency	Date Period	Hurricanes	Period	Annual Frequency
39.3-Year	10/1/1969 - 12/31/2008	13	39.3	0.331
158-Year	1/1/1851 - 12/31/2008	63	158	0.399

Notes:
(1), (2) from NOAA Technical Memorandum NWS TPC-5, updated through 2007

Texas Windstorm Insurance Association
Commercial Property - Wind & Hail
Rate Level Review

Calculation of Earned Premium at Present Rate Level

Year	TWIA Written Premium	Factor to Current Rate Level	Written Premium at Current Rate Level	Earned Premium at Current Rate Level
(1)	(2)	(3)	(4)	(5)
1990	7,003,571	1.685	11,801,017	11,801,017
1991	7,329,258	1.693	12,408,434	12,104,726
1992	7,048,820	2.202	15,521,502	13,964,968
1993	9,185,541	2.202	20,226,561	17,874,032
1994	10,672,677	2.202	23,501,235	21,863,898
1995	12,865,905	2.202	28,330,723	25,915,979
1996	15,640,660	2.202	34,440,733	31,385,728
1997	16,536,186	2.202	36,412,682	35,426,708
1998	16,558,977	2.270	37,588,878	37,000,780
1999	17,394,142	2.270	39,484,702	38,536,790
2000	17,945,617	2.082	37,362,775	38,423,739
2001	18,315,597	2.002	36,667,825	37,015,300
2002	24,019,182	1.907	45,804,580	41,236,203
2003	29,226,521	1.734	50,678,787	48,241,684
2004	31,037,241	1.576	48,914,692	49,796,740
2005	35,780,477	1.433	51,273,424	50,094,058
2006	76,847,921	1.329	102,130,887	76,702,156
2007	111,262,470	1.218	135,517,688	118,824,288
2008	97,869,242	1.161	113,626,190	124,571,939
Total	562,540,005		881,693,315	830,780,733

Notes:

- (2) Provided by TWIA, 1992 reflects adjustment for rate change applied to in-force policies
- (3) Exhibit 10, Sheet 2
- (4) = (2) * (3) (calculated on a monthly basis)
- (5) Calculated from (4), using annual uniform earning assumption for 1998 and prior and monthly for 1999 and after

Texas Windstorm Insurance Association
Commercial Property - Wind & Hail
Rate Level Review
Calculation of On-Level Premium Factors

Year	Rate Level in Effect			Cumulative Rate Level			# Months		Average Rate		Factor to Current Rate Level			
	Applicable Rates			B.O.Y.			E.O.Y.		E.O.Y. Level					
(1)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1980	Prior			8/1/1980	1.000			1.175	7.0			5.0	1.073	3.295
1981	8/1/1980			9/1/1981	1.175			1.132	8.0			4.0	1.161	3.046
1982	9/1/1981			9/1/1982	1.132			1.428	8.0			4.0	1.231	2.872
1983	9/1/1982			10/10/1983	1.428			1.514	9.3			2.7	1.447	2.444
1984	10/10/1983			10/10/1983	1.514			1.514	12.0			0.0	1.514	2.336
1985	10/10/1983	3/1/1985	3/15/1985	11/15/1985	1.514	1.892	2.428	2.651	2.0	0.5	8.0	1.5	2.281	1.550
1986	11/15/1985			11/15/1985	2.651			2.651	12.0			0.0	2.651	1.334
1987	11/15/1985			7/1/1987	2.651			2.407	6.0			6.0	2.529	1.398
1988	7/1/1987			11/1/1988	2.407			2.075	10.0			2.0	2.352	1.503
1989	11/1/1988			11/1/1988	2.075			2.075	12.0			0.0	2.075	1.704
1990	11/1/1988			3/1/1990	2.075			2.104	2.0			10.0	2.099	1.685
1991	3/1/1990			4/1/1991	2.104			2.083	3.0			9.0	2.088	1.693
1992	1/1/1992			1/1/1992	1.606			1.606	12.0			0.0	1.606	2.202
1993	1/1/1992			10/1/1993	1.606			1.606	9.0			3.0	1.606	2.202
1994	10/1/1993			10/1/1993	1.606			1.606	12.0			0.0	1.606	2.202
1995	10/1/1993			10/1/1993	1.606			1.606	12.0			0.0	1.606	2.202
1996	10/1/1993			10/1/1993	1.606			1.606	12.0			0.0	1.606	2.202
1997	10/1/1993			10/1/1993	1.606			1.606	12.0			0.0	1.606	2.202
1998	1/1/1998			1/1/1998	1.558			1.558	12.0			0.0	1.558	2.270
1999	1/1/1998			1/1/1998	1.558			1.558	12.0			0.0	1.558	2.270
2000	1/1/2000			1/1/2000	1.698			1.698	12.0			0.0	1.698	2.082
2001	1/1/2001			1/1/2001	1.766			1.766	12.0			0.0	1.766	2.002
2002	1/1/2002			1/1/2002	1.854			1.854	12.0			0.0	1.854	1.907
2003	1/1/2003			1/1/2003	2.039			2.039	12.0			0.0	2.039	1.734
2004	1/1/2004			1/1/2004	2.243			2.243	12.0			0.0	2.243	1.576
2005	1/1/2005			1/1/2005	2.468			2.468	12.0			0.0	2.468	1.433
2006	1/1/2006	9/1/2006		9/1/2006	2.591	2.798		2.798	8.0	4.0		0.0	2.660	1.329
2007	1/1/2007			1/1/2007	2.902			2.902	12.0			0.0	2.902	1.218
2008	1/1/2007	2/1/2008		2/1/2008	2.902	3.059		3.059	1.0	11.0		0.0	3.046	1.161
2009	2/1/2008	2/1/2009		2/1/2009	3.059	3.536		3.536	1.0	11.0		0.0	3.496	1.011
Current				2/1/2009				3.536					3.536	1.000

Notes:

- (1) - (4) Rates in effect and beginning and end of year (B.O.Y. and E.O.Y.)
 - For each year except 1985, 2006, and 2008 the B.O.Y. and E.O.Y. rates are the only rates applicable
 - For 1985, there were two additional rate changes
 - For 2006, there was one additional rate change
 - For 2008, the rate change took effect mid-year
- (5) - (8) Based on Exhibit 10, Sheet 3
- (9) - (12) Number of months that each of the rates were effective
- (13) = Weighted average of (5) - (8) using (9) - (12) as weights
- (14) = Current (13) / (13)

Texas Windstorm Insurance Association
Commercial Property - Wind & Hail
Rate Level Review
History of Rate Level Changes

Effective Date	Rate Change	Cumulative Rate Level
(1)	(2)	(3)
Prior		1.000
8/1/80	17.5%	1.175
9/1/81	-3.7%	1.132
9/1/82	26.2%	1.428
10/10/83	6.0%	1.514
3/1/85	25.0%	1.892
3/15/85	28.3%	2.428
11/15/85	9.2%	2.651
7/1/87	-9.2%	2.407
11/1/88	-13.8%	2.075
3/1/90	1.4%	2.104
4/1/91	-1.0%	2.083
1/1/92	-22.9%	1.606
10/1/93	0.0%	1.606
1/1/98	-3.0%	1.558
1/1/00	9.0%	1.698
1/1/01	4.0%	1.766
1/1/02	5.0%	1.854
1/1/03	10.0%	2.039
1/1/04	10.0%	2.243
1/1/05	10.0%	2.468
1/1/06	5.0%	2.591
9/1/06	8.0%	2.798
1/1/07	3.7%	2.902
2/1/08	5.4%	3.059
2/1/09	15.6%	3.536

Notes:

- (2) Provided by TWIA, excludes 1/1/92 refund on in-force policies
- (3) = Cumulation of (2)

Texas Windstorm Insurance Association
Commercial Property - Wind & Hail
Rate Level Review

Exhibit 11

Fixed Expenses and Variable Permissible Loss & LAE Ratios

Expense Category	2006	2007	2008	Selected
(1) Direct Written Premium	\$196,833	\$315,139	\$331,058	
(2) Direct Earned Premium	149,188	264,890	321,937	
(3) Commission				
\$ Amount	31,395	50,402	52,946	
% of DWP	16.0%	16.0%	16.0%	16.0%
(4) Other Acquisition				
\$ Amount	\$0	\$0	\$0	
% of DWP	0.0%	0.0%	0.0%	0.0%
(5) General Expense				
Unadjusted \$ Amount	\$8,390	\$9,875	\$9,330	
Adjustments				
Contribution to Statutory Fund	0	0	0	
Adjusted \$ Amount	8,390	9,875	9,330	
% of DWP	4.3%	3.1%	2.8%	3.0%
(6) Taxes, Licenses & Fees				
\$ Amount	\$3,608	\$8,202	\$9,204	
% of DWP	1.8%	2.6%	2.8%	2.4%
(7) Reinsurance Expense				0.0%
(8) Total Fixed Expenses				3.0%
(9) Total Variable Expenses				18.4%
(10) Fund Contribution				40.0%
(11) Variable Permissible Loss & LAE Ratio				41.6%

Notes:

- (1) - (6) From TWIA's Statutory Annual Statements and Insurance Expense Exhibits
- (7) No longer purchased
- (8) = (5) + (7)
- (9) = (3) + (4) + (6)
- (10) Selected judgmentally to incorporate savings from lack of reinsurance purchase
- (11) = 100% - (9) - (10)

**Texas Windstorm Insurance Association
Commercial Property - Wind & Hail
Rate Level Review**

Reconciliation of Paid Loss Data to Schedule P

Accident Year	TWIA Provided Paid Loss			Total	Schedule P	Difference
	Commercial & Farm	Residential			Direct & Assumed Paid Loss	
(1)	(2)	(3)	(4)	(5)	(6)	
1999	4,133,417	4,636,814	8,770,231	8,773,000	(2,769)	
2000	3,652,082	2,592,416	6,244,498	6,227,000	17,498	
2001	1,042,867	2,812,399	3,855,266	3,856,000	(734)	
2002	8,023,090	16,816,422	24,839,512	24,746,000	93,512	
2003	11,853,560	12,917,686	24,771,246	24,606,000	165,246	
2004	619,079	4,677,400	5,296,479	5,167,000	129,479	
2005	70,412,466	82,358,108	152,770,574	151,996,000	774,574	
2006	1,517,386	2,728,653	4,246,039	4,241,000	5,039	
2007	4,865,953	9,044,677	13,910,630	13,876,000	34,630	
2008	273,281,526	561,573,576	834,855,102	848,323,000	(13,467,898)	
Total	379,401,426	700,158,151	1,079,559,577	1,091,811,000	(12,251,423)	

Notes:

- (2), (3) Provided by TWIA, as of 12/31/2008
- (4) = (2) + (3)
- (5) Based on TWIA 2008 Annual Statement
- (6) = (4) - (5)

Texas Windstorm Insurance Association
Commercial Property - Wind & Hail
Rate Level Review
Reconciliation of Premium Data to Annual Statement

Calendar Year	TWIA Provided Written Premium			Annual Statement Gross Written Premium Difference	
	Commercial (1)	Residential (3)	Total (4)	Written Premium (5)	Difference (6)
1990	7,003,571	11,201,478	18,205,049	18,244,348	(39,299)
1991	7,329,258	13,133,584	20,462,842	20,503,935	(41,093)
1992	6,107,171	5,357,578	11,464,749	11,495,409	(30,660)
1993	9,185,541	10,130,170	19,315,711	19,376,959	(61,248)
1994	10,672,677	15,758,330	26,431,007	26,510,501	(79,494)
1995	12,865,905	19,259,265	32,125,170	32,419,287	(294,117)
1996	15,640,660	24,504,127	40,144,787	40,358,575	(213,788)
1997	16,536,186	25,783,455	42,319,641	42,462,844	(143,203)
1998	16,558,977	27,833,800	44,392,777	44,410,914	(18,137)
1999	17,394,142	27,168,992	44,563,134	44,581,218	(18,084)
2000	17,945,617	30,064,713	48,010,330	48,012,426	(2,096)
2001	18,315,597	36,314,642	54,630,239	54,630,727	(488)
2002	24,019,182	48,948,428	72,967,610	72,967,831	(221)
2003	29,226,521	58,761,878	87,988,399	87,987,279	1,120
2004	31,037,241	71,452,769	102,490,010	102,384,351	105,659
2005	35,780,477	78,147,354	113,927,831	113,927,701	130
2006	76,847,921	119,985,742	196,833,663	196,833,235	428
2007	111,262,470	203,876,838	315,139,308	315,139,307	1
2008	97,869,242	233,179,575	331,048,817	331,057,645	(8,828)
Total	561,598,356	1,060,862,718	1,622,461,074	1,623,304,492	-843,418

Notes:

- (2), (3) Provided by TWIA, as of 12/31/2008
- (4) = (2) + (3)
- (5) Based on TWIA Annual Statements
- (6) = (4) - (5)