

**Texas Windstorm Insurance Association**

**Residential 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	45.1%	5.2%	3.0%	53.3%	41.6%	+28%
Using Actual Industry Experience	38.5%	5.2%	3.0%	46.7%	41.6%	+12%
Using Hurricane Models	51.7%	5.2%	3.0%	59.9%	41.6%	+44%

Notes:

(2) Exhibit 5

(3) Exhibit 2, Sheet 1

(4) Exhibit 11

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

(6) Exhibit 11

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

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

Projected Ultimate Non-Hurricane Loss & LAE Ratio  
All Territory Weighted Average

Territory	2008 Written Premium		Indicated Non-Hurricane Loss & LAE Ratio
	Amount	Share	
(1)	(2)	(3)	(4)
Tier 1 - Territory 8	78,643,995	33.7%	4.5%
Tier 1 - Territory 9	42,266,368	18.1%	3.8%
Tier 1 - Territory 10	110,133,769	47.2%	6.1%
Tier 2	2,135,443	0.9%	11.1%
Total / Average	233,179,575	100.0%	5.2%

Notes:

(2) TWIA data

(3) = (2) / (2) Total

(4) Exhibit 2, Sheet 2a - Sheet 2d

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

Projected Ultimate Non-Hurricane Loss & LAE Ratio  
Tier 1 -- Territory 8 (Galveston County)

Accident Year Ending 9/30/xx	Ultimate Non-Hurricane Loss	LAE Factor	Net Trend Factor	Projected Non-Hurricane Loss & LAE	Earned Premium at Current TWIA Rate Level	Indicated Non-Hurricane Loss & LAE Ratio
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1999	742,130	0.263	0.685	642,057	20,465,442	3.1%
2000	324,948	0.263	0.711	291,801	23,118,325	1.3%
2001	1,947,817	0.263	0.748	1,840,149	29,871,963	6.2%
2002	10,059,284	0.263	0.758	9,630,296	32,874,657	29.3%
2003	1,672,549	0.263	0.875	1,848,376	43,652,980	4.2%
2004	732,491	0.263	0.867	802,093	53,122,489	1.5%
2005	5,021,209	0.263	0.854	5,415,886	60,451,769	9.0%
2006	820,751	0.263	0.860	891,483	64,805,060	1.4%
2007	1,393,601	0.263	0.933	1,642,190	87,383,403	1.9%
2008	560,983	0.263	0.941	666,719	109,774,784	0.6%
<b>Total</b>	<b>23,275,763</b>			<b>23,671,050</b>	<b>525,520,872</b>	<b>4.5%</b>

Notes:

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

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

Projected Ultimate Non-Hurricane Loss & LAE Ratio  
Tier 1 -- Territory 9 (Nueces County)

Accident Year Ending 9/30/xx	Ultimate Non-Hurricane Loss	LAE Factor	Net Trend Factor	Projected Non-Hurricane Loss & LAE	Earned Premium at Current TWIA Rate Level	Indicated Non-Hurricane Loss & LAE Ratio
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1999	1,704,607	0.263	0.685	1,474,749	15,425,265	9.6%
2000	462,008	0.263	0.711	414,880	15,332,664	2.7%
2001	1,394,445	0.263	0.748	1,317,366	16,236,089	8.1%
2002	1,227,528	0.263	0.758	1,175,179	17,457,733	6.7%
2003	2,226,916	0.263	0.875	2,461,021	22,899,572	10.7%
2004	570,447	0.263	0.867	624,651	26,419,901	2.4%
2005	754,057	0.263	0.854	813,327	28,429,536	2.9%
2006	627,095	0.263	0.860	681,138	29,738,093	2.3%
2007	732,456	0.263	0.933	863,111	43,692,793	2.0%
2008	647,076	0.263	0.941	769,039	59,911,290	1.3%
<b>Total</b>	<b>10,346,635</b>			<b>10,594,461</b>	<b>275,542,936</b>	<b>3.8%</b>

Notes:

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

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

Projected Ultimate Non-Hurricane Loss & LAE Ratio  
Tier 1 -- Territory 10 (Other Tier 1)

Accident Year Ending 9/30/xx	Ultimate Non-Hurricane Loss	LAE Factor	Net Trend Factor	Projected Non-Hurricane Loss & LAE	Earned Premium at Current TWIA Rate Level	Indicated Non-Hurricane Loss & LAE Ratio
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1999	1,806,853	0.263	0.685	1,563,208	25,949,306	6.0%
2000	3,324,577	0.263	0.711	2,985,447	27,249,549	11.0%
2001	2,423,554	0.263	0.748	2,289,590	28,023,952	8.2%
2002	5,916,915	0.263	0.758	5,664,582	31,057,953	18.2%
2003	8,019,872	0.263	0.875	8,862,961	38,139,198	23.2%
2004	991,604	0.263	0.867	1,085,827	44,208,487	2.5%
2005	2,870,641	0.263	0.854	3,096,279	49,695,391	6.2%
2006	1,816,795	0.263	0.860	1,973,366	57,510,664	3.4%
2007	4,484,798	0.263	0.933	5,284,792	106,138,912	5.0%
2008	1,814,824	0.263	0.941	2,156,887	164,315,080	1.3%
<b>Total</b>	<b>33,470,433</b>			<b>34,962,939</b>	<b>572,288,492</b>	<b>6.1%</b>

Notes:

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

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

Projected Ultimate Non-Hurricane Loss & LAE Ratio  
Tier 2 -- (Territories 1 and 11)

Accident Year Ending 9/30/xx	Ultimate Non-Hurricane Loss	LAE Factor	Net Trend Factor	Projected Non-Hurricane Loss & LAE	Earned Premium at Current TWIA Rate Level	Indicated Non-Hurricane Loss & LAE Ratio
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1999	7,966,126	0.263	0.685	6,891,934	58,317,268	11.8%
2000	9,513,376	0.263	0.711	8,542,945	66,628,907	12.8%
2001	23,543,001	0.263	0.748	22,241,638	57,760,741	38.5%
2002	7,942,216	0.263	0.758	7,603,512	61,100,198	12.4%
2003	7,302,129	0.263	0.875	8,069,765	69,908,444	11.5%
2004	3,752,996	0.263	0.867	4,109,609	73,410,117	5.6%
2005	3,849,910	0.263	0.854	4,152,521	76,521,849	5.4%
2006	4,947,022	0.263	0.860	5,373,356	83,567,933	6.4%
2007	4,953,090	0.263	0.933	5,836,617	97,125,843	6.0%
2008	8,200,741	0.263	0.941	9,746,441	97,641,602	10.0%
<b>Total</b>	<b>81,970,607</b>			<b>82,568,338</b>	<b>741,982,902</b>	<b>11.1%</b>

Notes:

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

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

Projected Ultimate Non-Hurricane Loss  
Tier 1 -- Territory 8 (Galveston County)

Accident Year	Industry Non-Hurricane Paid Loss	Development Factor	Ultimate Non-Hurricane Loss
(1)	(2)	(3)	(4)
1999	742,130	1.000	742,130
2000	324,948	1.000	324,948
2001	1,947,817	1.000	1,947,817
2002	10,059,284	1.000	10,059,284
2003	1,672,549	1.000	1,672,549
2004	731,759	1.001	732,491
2005	5,011,187	1.002	5,021,209
2006	813,430	1.009	820,751
2007	1,368,960	1.018	1,393,601
2008	502,673	1.116	560,983
Total	23,174,737		23,275,763

Notes:

(2) Exhibit 2, Sheet 4a, as of 12/31/08

(3) Exhibit 3, Sheet 1

(4) = (2) \* (3)

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

Projected Ultimate Non-Hurricane Loss  
Tier 1 -- Territory 9 (Nueces County)

Accident Year	Industry Non-Hurricane Paid Loss	Development Factor	Ultimate Non-Hurricane Loss
(1)	(2)	(3)	(4)
1999	1,704,607	1.000	1,704,607
2000	462,008	1.000	462,008
2001	1,394,445	1.000	1,394,445
2002	1,227,528	1.000	1,227,528
2003	2,226,916	1.000	2,226,916
2004	569,877	1.001	570,447
2005	752,552	1.002	754,057
2006	621,501	1.009	627,095
2007	719,505	1.018	732,456
2008	579,817	1.116	647,076
<b>Total</b>	<b>10,258,756</b>		<b>10,346,635</b>

Notes:

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



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

Projected Ultimate Non-Hurricane Loss  
Tier 1 -- Territory 10 (Other Tier 1)

Accident Year	Industry Non-Hurricane Paid Loss	Development Factor	Ultimate Non-Hurricane Loss
(1)	(2)	(3)	(4)
1999	1,806,853	1.000	1,806,853
2000	3,324,577	1.000	3,324,577
2001	2,423,554	1.000	2,423,554
2002	5,916,915	1.000	5,916,915
2003	8,019,872	1.000	8,019,872
2004	990,613	1.001	991,604
2005	2,864,911	1.002	2,870,641
2006	1,800,590	1.009	1,816,795
2007	4,405,499	1.018	4,484,798
2008	1,626,186	1.116	1,814,824
Total	33,179,570		33,470,433

Notes:

(2) Exhibit 2, Sheet 4c, as of 12/31/08

(3) Exhibit 3, Sheet 1

(4) = (2) \* (3)

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

Exhibit 2  
Sheet 3d

Projected Ultimate Non-Hurricane Loss  
Tier 2 -- (Territories 1 and 11)

Accident Year	Industry Non-Hurricane Paid Loss	Development Factor	Ultimate Non-Hurricane Loss
(1)	(2)	(3)	(4)
1999	7,966,126	1.000	7,966,126
2000	9,513,376	1.000	9,513,376
2001	23,543,001	1.000	23,543,001
2002	7,942,216	1.000	7,942,216
2003	7,302,129	1.000	7,302,129
2004	3,749,247	1.001	3,752,996
2005	3,842,226	1.002	3,849,910
2006	4,902,896	1.009	4,947,022
2007	4,865,511	1.018	4,953,090
2008	7,348,334	1.116	8,200,741
Total	80,975,062		81,970,607

Notes:

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

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

Exhibit 2  
Sheet 4a

Summary of Industry Historical Paid Loss as of 12/31/08  
Tier 1 -- Territory 8 (Galveston County)

Accident Year	Paid Loss Excluding Expense			Total
	Non-Hurricane (1)	Hurricane (2)	Hurricane (3)	
1999		742,130	0	742,130
2000		324,948	0	324,948
2001		1,947,817	0	1,947,817
2002		10,059,284	0	10,059,284
2003		1,672,549	1,000,369	2,672,918
2004		731,759	0	731,759
2005		5,011,187	29,158,020	34,169,207
2006		813,430	0	813,430
2007		1,368,960	854,848	2,223,808
2008		502,673	282,149,828	282,652,501
Total		23,174,737	313,163,065	336,337,802

Notes:

(2) Provided by TDI. Accident years ending 9/30/xx  
(4) = (2) + (3)

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

Summary of Industry Historical Paid Loss as of 12/31/08  
Tier 1 -- Territory 9 (Nueces County)

Accident Year	Paid Loss Excluding Expense			Total
	Non-Hurricane (1)	Hurricane (2)	(3)	
1999		1,704,607	2,073,780	3,778,387
2000		462,008	0	462,008
2001		1,394,445	0	1,394,445
2002		1,227,528	0	1,227,528
2003		2,226,916	68,887	2,295,803
2004		569,877	0	569,877
2005		752,552	119,899	872,451
2006		621,501	0	621,501
2007		719,505	0	719,505
2008		579,817	527,393	1,107,210
Total		10,258,756	2,789,959	13,048,715

Notes:

(2) Provided by TDI. Accident years ending 9/30/xx  
(4) = (2) + (3)

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

Summary of Industry Historical Paid Loss as of 12/31/08  
Tier 1 -- Territory 10 (Other Tier 1)

Accident Year	Paid Loss Excluding Expense			Total
	Non-Hurricane (1)	Hurricane (2)	(3)	
1999		1,806,853	1,848,901	3,655,754
2000		3,324,577	0	3,324,577
2001		2,423,554	0	2,423,554
2002		5,916,915	0	5,916,915
2003		8,019,872	9,193,796	17,213,668
2004		990,613	0	990,613
2005		2,864,911	109,284,333	112,149,244
2006		1,800,590	0	1,800,590
2007		4,405,499	5,037,835	9,443,334
2008		1,626,186	325,615,666	327,241,852
Total		33,179,570	450,980,531	484,160,101

Notes:

(2) Provided by TDI. Accident years ending 9/30/xx  
(4) = (2) + (3)

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

Exhibit 2  
Sheet 4d

Summary of Industry Historical Paid Loss as of 12/31/08  
Tier 2 -- (Territories 1 and 11)

Accident Year	Paid Loss Excluding Expense			Total
	Non-Hurricane (1)	Hurricane (2)	Hurricane (3)	
1999		7,966,126	714,061	8,680,187
2000		9,513,376	0	9,513,376
2001		23,543,001	0	23,543,001
2002		7,942,216	0	7,942,216
2003		7,302,129	2,883,350	10,185,479
2004		3,749,247	0	3,749,247
2005		3,842,226	29,694,557	33,536,783
2006		4,902,896	0	4,902,896
2007		4,865,511	328,111	5,193,622
2008		7,348,334	244,213,010	251,561,344
Total		80,975,062	277,833,089	358,808,151

Notes:

(2) Provided by TDI. Accident years ending 9/30/xx  
(4) = (2) + (3)

**Texas Windstorm Insurance Association**  
**Residential Property - Wind & Hail**  
**Rate Level Review**  
Calculation of Net Trend Factors

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Year / Quarter	Average EPPR		
(1)	(2)	(3) Current Average Earned Date	7/1/2008
2001 / 3	780.81	(4) Current Average Accident Date	4/1/2008
2002 / 3	805.01	(5) Prospective Average Earned / Accident Date	1/1/2011
2003 / 3	933.54	(6) Premium Trend Length	2.500
2004 / 3	980.07	(7) Loss Trend Length	2.750
2005 / 3	1,007.10	(8) Selected Premium Trend	7.1%
2006 / 3	1,066.70	(9) Selected Loss Trend	4.3%
2007 / 3	1,211.68		
2008 / 3	1,244.16		
2008 / 4	1,249.61		

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Accident Year	Current Premium Trend	Current Loss Trend	Prospective Premium Trend	Prospective Loss Trend	Net Trend Factor
(10)	(11)	(12)	(13)	(14)	(15)
1999	1.837	1.331	1.188	1.123	0.685
2000	1.714	1.290	1.188	1.123	0.711
2001	1.600	1.266	1.188	1.123	0.748
2002	1.552	1.244	1.188	1.123	0.758
2003	1.339	1.239	1.188	1.123	0.875
2004	1.275	1.169	1.188	1.123	0.867
2005	1.241	1.121	1.188	1.123	0.854
2006	1.171	1.066	1.188	1.123	0.860
2007	1.031	1.018	1.188	1.123	0.933
2008	1.004	1.000	1.188	1.123	0.941

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Notes:

- (2) Exhibit 3, Sheet 2 (9)
- (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)]

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

Paid Loss Development Factors  
 Statewide Industry Extended Coverage Dwelling Paid Loss

<u>Months of Development</u>										
Accident Year	15	27	39	51	63	75	87	99	111	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
1999	58,238	62,487	62,882	63,251	63,267	63,275	63,281	63,287	63,288	
2000	89,773	95,884	96,844	96,995	97,052	97,096	97,106	97,158	97,184	
2001	66,532	76,918	77,752	78,124	78,242	78,270	78,350	78,374		
2002	58,496	62,455	63,206	63,293	63,368	63,448	63,525			
2003	82,086	88,066	88,446	88,704	89,022	89,082				
2004	30,571	32,466	32,708	33,429	33,493					
2005	124,373	152,899	155,841	160,133						
2006	49,335	53,120	53,492							
2007	53,874	59,731								
2008	435,356									

<u>Development Factors</u>										
Accident Year	15 - 27	27 - 39	39 - 51	51 - 63	63 - 75	75 - 87	87 - 99	99 - 111	111 - Ult	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
1999	1.073	1.006	1.006	1.000	1.000	1.000	1.000	1.000	1.000	
2000	1.068	1.010	1.002	1.001	1.000	1.000	1.001	1.001	1.000	
2001	1.156	1.011	1.005	1.002	1.000	1.001	1.001	1.000		
2002	1.068	1.012	1.001	1.001	1.001	1.001				
2003	1.073	1.004	1.003	1.004	1.001					
2004	1.062	1.007	1.022	1.002						
2005	1.229	1.019	1.028							
2006	1.077	1.007								
2007	1.109									
Average	1.102	1.010	1.009	1.002	1.001	1.001	1.000	1.000	1.000	
Avg 5 Year	1.110	1.010	1.012	1.002	1.001	1.001	1.000	1.000	1.000	
Prior	1.091	1.009	1.004	1.001	1.001	1.000	1.000	1.000	1.000	1.000
Selected	1.096	1.009	1.007	1.001	1.001	1.000	1.000	1.000	1.000	1.000
Cumulative	1.116	1.018	1.009	1.002	1.001	1.000	1.000	1.000	1.000	1.000

Notes:  
 Provided by TICO. Accident years ending 9/30/xx



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

Premium Trend Analysis  
TWIA Residential 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	65,616		8,377,953	1.695	14,203,659	12,428,903						
2000 / 3	64,983		9,449,642	1.695	16,020,559	12,796,785						
2000 / 4	65,095		6,208,835	1.695	10,526,220	12,753,997						
2001 / 1	64,722		6,926,881	1.431	9,910,183	12,677,605	50,657,290					
2001 / 2	65,277	65,062	10,139,016	1.431	14,505,735	12,783,527	51,011,915	784.06	765.74			
2001 / 3	66,864	65,254	10,832,190	1.431	15,497,449	12,735,960	50,951,090	780.81	779.03			
2001 / 4	68,756	65,947	8,416,555	1.431	12,041,437	12,759,328	50,956,421	772.69	792.55			
2002 / 1	69,630	67,018	9,047,298	1.431	12,943,832	13,411,000	51,689,815	771.28	806.31			
2002 / 2	70,561	68,292	13,329,141	1.431	19,069,799	14,277,545	53,183,833	778.77	820.31			
2002 / 3	74,046	69,851	15,674,437	1.431	22,425,178	15,782,667	56,230,540	805.01	834.55			
2002 / 4	76,688	71,740	10,897,552	1.431	15,590,962	17,152,090	60,623,301	845.04	849.03			
2003 / 1	78,418	73,830	11,147,115	1.431	15,948,008	17,856,950	65,069,252	881.34	863.77			
2003 / 2	80,610	76,184	16,247,871	1.431	23,245,582	18,671,331	69,463,038	911.78	878.76			
2003 / 3	85,231	78,839	19,155,832	1.431	27,405,957	19,918,648	73,599,018	933.54	894.02			
2003 / 4	86,847	81,507	12,211,060	1.431	17,470,178	20,725,801	77,172,730	946.83	909.54			
2004 / 1	88,165	83,995	14,023,536	1.305	18,305,894	21,205,037	80,520,816	958.64	925.32	932.44		
2004 / 2	89,172	86,284	19,899,624	1.305	25,976,359	21,941,346	83,790,831	971.11	941.39	947.84		
2004 / 3	91,976	88,197	22,742,765	1.305	29,687,708	22,567,310	86,439,493	980.07	957.73	963.50		
2004 / 4	93,376	89,856	14,786,844	1.305	19,302,292	23,111,061	88,824,753	988.52	974.35	979.41		
2005 / 1	94,683	91,487	15,217,541	1.305	19,864,511	23,532,577	91,152,293	996.34	991.26	995.59	973.10	
2005 / 2	94,527	92,971	21,206,064	1.305	27,681,745	23,914,647	93,125,594	1,001.66	1,008.47	1,012.03	991.54	
2005 / 3	97,682	94,354	24,733,243	1.305	32,286,017	24,465,808	95,024,093	1,007.10	1,025.97	1,028.75	1,010.34	
2005 / 4	99,246	95,801	16,990,506	1.305	22,178,885	25,243,149	97,156,181	1,014.15	1,043.78	1,045.74	1,029.49	
2006 / 1	100,183	97,222	17,519,644	1.305	22,869,606	25,863,419	99,487,023	1,023.30	1,061.90	1,063.01	1,049.00	1,040.06
2006 / 2	107,166	99,489	31,779,828	1.305	41,484,412	27,571,516	103,143,892	1,036.73	1,080.33	1,080.57	1,068.88	1,061.17
2006 / 3	119,273	103,768	39,354,820	1.293	50,896,560	32,011,771	110,689,855	1,066.70	1,099.09	1,098.42	1,089.14	1,082.71
2006 / 4	131,200	110,461	31,331,450	1.266	39,669,363	36,376,639	121,823,346	1,102.86	1,118.16	1,116.56	1,109.78	1,104.69
2007 / 1	147,199	120,333	38,248,157	1.215	46,474,800	41,537,895	137,497,822	1,142.65	1,137.57	1,135.00	1,130.82	1,127.12
2007 / 2	167,806	133,790	58,685,458	1.215	71,307,878	48,435,012	158,361,318	1,183.66	1,157.32	1,153.75	1,152.25	1,150.00
2007 / 3	191,942	150,453	65,864,575	1.215	80,031,123	55,950,841	182,300,388	1,211.68	1,177.41	1,172.81	1,174.09	1,173.35
2007 / 4	200,945	168,255	41,078,648	1.215	49,914,090	61,082,530	207,006,279	1,230.31	1,197.85	1,192.18	1,196.34	1,197.17
2008 / 1	203,765	184,044	45,262,376	1.152	52,145,258	62,770,019	228,238,403	1,240.13	1,218.64	1,211.87	1,219.02	1,221.47
2008 / 2	206,997	196,013	67,936,202	1.123	76,292,355	64,055,006	243,858,397	1,244.09	1,239.79	1,231.89	1,242.12	1,246.27
2008 / 3	213,926	203,660	75,896,444	1.123	85,231,707	65,479,160	253,386,716	1,244.16	1,261.31	1,252.23	1,265.67	1,271.57
2008 / 4	201,805	206,516	44,084,553	1.123	49,506,953	65,760,153	258,064,339	1,249.61	1,283.21	1,272.92	1,289.66	1,297.38
(14) Average Annual Change									7.1%	6.8%	7.8%	8.4%
(15) Correlation Coefficient									96.8%	94.1%	94.4%	90.7%
(16) Selected Premium Trend												7.1%

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

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

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

Calendar Year Ending 9/30/xx	Statewide Boeckh	Coastal Boeckh	Modified CPI	Weighted Average
(1)	(2)	(3)	(4)	(5)
1999	1.369	1.398	1.129	1.331
2000	1.333	1.351	1.107	1.290
2001	1.311	1.324	1.093	1.266
2002	1.281	1.293	1.095	1.244
2003	1.269	1.285	1.099	1.239
2004	1.187	1.198	1.080	1.169
2005	1.132	1.141	1.061	1.121
2006	1.071	1.075	1.037	1.066
2007	1.016	1.019	1.015	1.018
2008	1.000	1.000	1.000	1.000

Factors to Adjust For Prospective Loss Costs

(6) Fitted Trend	4.7%	5.0%	2.0%	4.3%
(7) Cost Factor	1.135	1.144	1.056	1.123

Notes:

- (2) = Exhibit 3, Sheet 3b trended forward to 9/30/2008
- (3) = Exhibit 3, Sheet 3c trended forward to 9/30/2008
- (4) = Exhibit 3, Sheet 3d
- (5) = 25% CPI and 75% Boeckh (most appropriate available by year)
- (6) = (2) - (5) fitted to an exponential curve using 5 years' data
- (7) = [1 + (6)] ^ 2.75 (trended from 4/1/2008 to 1/1/2011)

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

Loss Trend Analysis

Boeckh Residential Construction Index Trend (Statewide)

Calendar Year Ending	Texas Statewide Index	Fitted Trends		5 Years		4 Years		3 Years		Exponential
		All Years Linear	Exponential	Linear	Exponential	Linear	Exponential	Linear	Exponential	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
3/31/1999	1440.12	1372.01	1393.13							
6/30/1999	1447.38	1387.77	1406.11							
9/30/1999	1456.57	1403.53	1419.21							
12/31/1999	1468.61	1419.29	1432.43							
3/31/2000	1480.09	1435.06	1445.77							
6/30/2000	1489.04	1450.82	1459.24							
9/30/2000	1495.92	1466.58	1472.84							
12/31/2000	1498.42	1482.34	1486.56							
3/31/2001	1503.33	1498.10	1500.40							
6/30/2001	1510.93	1513.87	1514.38							
9/30/2001	1521.69	1529.63	1528.49							
12/31/2001	1534.91	1545.39	1542.73							
3/31/2002	1545.25	1561.15	1557.10							
6/30/2002	1552.90	1576.91	1571.61							
9/30/2002	1556.45	1592.68	1586.25							
12/31/2002	1553.48	1608.44	1601.02							
3/31/2003	1552.38	1624.20	1615.94							
6/30/2003	1558.58	1639.96	1630.99							
9/30/2003	1571.41	1655.72	1646.19							
12/31/2003	1595.89	1671.49	1661.52							
3/31/2004	1625.56	1687.25	1677.00	1641.89	1647.23					
6/30/2004	1652.06	1703.01	1692.62	1662.96	1666.34					
9/30/2004	1680.19	1718.77	1708.39	1684.04	1685.66					
12/31/2004	1705.73	1734.53	1724.31	1705.11	1705.21					
3/31/2005	1728.03	1750.30	1740.37	1726.18	1724.98	1735.44	1738.01			
6/30/2005	1748.11	1766.06	1756.58	1747.25	1744.99	1755.53	1756.77			
9/30/2005	1762.69	1781.82	1772.95	1768.32	1765.22	1775.62	1775.73			
12/31/2005	1780.52	1797.58	1789.46	1789.39	1785.70	1795.71	1794.89			
3/31/2006	1803.56	1813.34	1806.13	1810.46	1806.40	1815.80	1814.26	1832.04	1832.55	
6/30/2006	1829.79	1829.11	1822.96	1831.53	1827.35	1835.89	1833.84	1849.82	1849.68	
9/30/2006	1862.05	1844.87	1839.94	1852.60	1848.54	1855.98	1853.63	1867.61	1866.97	
12/31/2006	1896.38	1860.63	1857.08	1873.67	1869.98	1876.07	1873.63	1885.40	1884.43	
3/31/2007	1923.66	1876.39	1874.38	1894.74	1891.67	1896.16	1893.85	1903.19	1902.04	
6/30/2007	1945.15	1892.15	1891.84	1915.81	1913.61	1916.25	1914.28	1920.98	1919.82	
9/30/2007	1962.77	1907.92	1909.47	1936.88	1935.80	1936.34	1934.94	1938.76	1937.77	
12/31/2007	1973.20	1923.68	1927.26	1957.95	1958.25	1956.42	1955.82	1956.55	1955.89	
3/31/2008	1980.60	1939.44	1945.21	1979.03	1980.96	1976.51	1976.93	1974.34	1974.17	
6/30/2008	1990.82	1955.20	1963.33	2000.10	2003.93	1996.60	1998.26	1992.13	1992.63	
9/30/2008	1994.53	1970.96	1981.62	2021.17	2027.17	2016.69	2019.82	2009.91	2011.26	
12/31/2008	1995.92	1986.73	2000.08	2042.24	2050.68	2036.78	2041.62	2027.70	2030.06	
Annual Trend		3.2%	3.8%	4.1%	4.7%	3.9%	4.4%	3.5%	3.8%	
R-Squared		0.947	0.959	0.978	0.974	0.959	0.955	0.909	0.903	

Notes:

- (2) = Average Index for Austin, Corpus Christi, Dallas, El Paso, Fort Worth, Houston, Odessa, and San Antonio
- (3) - (10) = (2) fitted to linear and exponential distributions

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

Loss Trend Analysis

Boeckh Residential Construction Index Trend (Coastal)

Calendar Year Ending	Texas Coastal Index	Fitted Trends								
		All Years			5 Years		4 Years		3 Years	
(1)	(2)	Linear (3)	Exponential (4)	Linear (5)	Exponential (6)	Linear (7)	Exponential (8)	Linear (9)	Exponential (10)	
3/31/1999	1420.38	1352.66	1375.54							
6/30/1999	1426.38	1369.11	1388.97							
9/30/1999	1433.52	1385.55	1402.52							
12/31/1999	1447.43	1352.66	1375.54							
3/31/2000	1461.89	1418.43	1430.02							
6/30/2000	1473.55	1434.88	1443.97							
9/30/2000	1483.85	1451.32	1458.06							
12/31/2000	1488.03	1467.76	1472.29							
3/31/2001	1493.15	1484.20	1486.65							
6/30/2001	1500.94	1500.65	1501.16							
9/30/2001	1513.63	1517.09	1515.80							
12/31/2001	1527.55	1533.53	1530.59							
3/31/2002	1539.11	1549.97	1545.52							
6/30/2002	1547.99	1566.42	1560.60							
9/30/2002	1550.72	1582.86	1575.83							
12/31/2002	1546.51	1599.30	1591.21							
3/31/2003	1543.29	1615.74	1606.73							
6/30/2003	1547.99	1632.19	1622.41							
9/30/2003	1559.86	1648.63	1638.24							
12/31/2003	1584.94	1665.07	1654.22							
3/31/2004	1616.44	1681.51	1670.36	1631.57	1637.55					
6/30/2004	1644.67	1697.95	1686.66	1653.72	1657.52					
9/30/2004	1672.98	1714.40	1703.11	1675.88	1677.74					
12/31/2004	1698.09	1730.84	1719.73	1698.03	1698.21					
3/31/2005	1720.35	1747.28	1736.51	1720.19	1718.93	1728.41	1731.32			
6/30/2005	1740.42	1763.72	1753.45	1742.35	1739.90	1749.70	1751.11			
9/30/2005	1756.55	1780.17	1770.56	1764.50	1761.12	1770.98	1771.12			
12/31/2005	1776.85	1796.61	1787.84	1786.66	1782.61	1792.27	1791.37			
3/31/2006	1803.22	1813.05	1805.28	1808.81	1804.36	1813.55	1811.84	1831.48	1832.16	
6/30/2006	1831.27	1829.49	1822.89	1830.97	1826.37	1834.84	1832.55	1850.22	1850.16	
9/30/2006	1865.04	1845.94	1840.68	1853.12	1848.65	1856.12	1853.50	1868.96	1868.33	
12/31/2006	1900.04	1862.38	1858.64	1875.28	1871.20	1877.41	1874.69	1887.70	1886.68	
3/31/2007	1925.97	1878.82	1876.77	1897.44	1894.03	1898.69	1896.11	1906.44	1905.22	
6/30/2007	1947.53	1895.26	1895.08	1919.59	1917.14	1919.97	1917.79	1925.18	1923.94	
9/30/2007	1966.27	1911.71	1913.57	1941.75	1940.52	1941.26	1939.71	1943.92	1942.84	
12/31/2007	1977.64	1928.15	1932.24	1963.90	1964.20	1962.54	1961.88	1962.66	1961.92	
3/31/2008	1985.12	1944.59	1951.10	1986.06	1988.16	1983.83	1984.30	1981.40	1981.19	
6/30/2008	1998.87	1961.03	1970.13	2008.22	2012.41	2005.11	2006.98	2000.14	2000.66	
9/30/2008	2004.56	1977.48	1989.35	2030.37	2036.97	2026.40	2029.92	2018.88	2020.31	
12/31/2008	2009.06	1993.92	2008.76	2052.53	2061.81	2047.68	2053.12	2037.62	2040.16	
Annual Trend		3.3%	4.0%	4.3%	5.0%	4.2%	4.7%	3.7%	4.0%	
R-Squared		0.950	0.962	0.981	0.977	0.964	0.960	0.927	0.920	

Notes:

- (2) = Average Index for Corpus Christi and Houston
- (5) - (10) = (2) fitted to linear and exponential distributions

**Texas Windstorm Insurance Association**  
**Residential Property - Wind & Hail**  
**Rate Level Review**  
Loss Trend Analysis  
Modified Consumer Price Index - External Trend

Calendar Year Ending	Modified CPI	Fitted Trends		5 Years		4 Years		3 Years	
		All Years Linear	Exponential	Linear	Exponential	Linear	Exponential	Linear	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	165.95	166.01				
6/30/2004	166.59	169.72	169.59	166.80	166.83				
9/30/2004	167.69	170.24	170.11	167.65	167.65				
12/31/2004	168.65	170.76	170.64	168.50	168.48				
3/31/2005	169.97	171.29	171.16	169.35	169.31	169.38	169.41		
6/30/2005	170.57	171.81	171.69	170.20	170.14	170.22	170.23		
9/30/2005	170.65	172.33	172.22	171.05	170.98	171.07	171.06		
12/31/2005	171.45	172.85	172.75	171.90	171.82	171.92	171.89		
3/31/2006	171.92	173.37	173.28	172.75	172.67	172.77	172.73	172.52	172.52
6/30/2006	172.99	173.90	173.82	173.60	173.52	173.62	173.57	173.40	173.39
9/30/2006	174.59	174.42	174.36	174.45	174.37	174.46	174.41	174.29	174.26
12/31/2006	175.51	174.94	174.89	175.30	175.23	175.31	175.26	175.18	175.14
3/31/2007	176.12	175.46	175.43	176.15	176.10	176.16	176.11	176.06	176.03
6/30/2007	177.26	175.99	175.98	177.00	176.96	177.01	176.97	176.95	176.92
9/30/2007	178.35	176.51	176.52	177.85	177.83	177.86	177.83	177.84	177.81
12/31/2007	179.24	177.03	177.06	178.71	178.71	178.71	178.69	178.73	178.71
3/31/2008	180.25	177.55	177.61	179.56	179.59	179.55	179.56	179.61	179.61
6/30/2008	180.62	178.07	178.16	180.41	180.47	180.40	180.43	180.50	180.52
9/30/2008	181.06	178.60	178.71	181.26	181.36	181.25	181.31	181.39	181.43
12/31/2008	181.11	179.12	179.26	182.11	182.26	182.10	182.19	182.28	182.34
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**  
**Residential 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**  
**Residential 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		0	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  
Residential Property - Wind & Hail  
Rate Level Review**

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

Accident Year	<u>Months of Development</u>							
	12 (1)	24 (2)	36 (3)	48 (4)	60 (5)	72 (6)	84 (7)	84 (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						

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)
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
Selected		0.991	0.950	1.003	1.009	0.994	1.000
Cumulative		0.947	0.956	1.006	1.003	0.994	1.000



**Texas Windstorm Insurance Association**  
**Residential 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	0	0.000	1,210	673	1,883
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  
Residential 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**  
**Residential 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	34.3%	0.121	38.5%
<u>Hurricane Models</u>			
AIR Model	53.5%	0.121	60.0%
RMS Model	38.7%	0.121	43.4%
Average of Models	46.1%	0.121	51.7%

Notes:

(2) Exhibit 6 - Exhibit 8, Sheet 1

(3) Exhibit 4, Sheet 1

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

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

Industry Experience -- Residential Extended Coverage  
1964 - 2008 -- Hurricane Years Only

Accident Year	Earned Premium at Current TWIA Rate Level	Incurred Loss Ratio
(1)	(2)	(3)
1968	24,147,878	46.3%
1970	24,633,399	84.4%
1971	24,548,527	92.6%
1980	41,694,881	74.8%
1983	74,060,784	406.7%
1986	93,752,184	8.4%
1989	102,499,062	6.9%
1990	97,785,703	18.9%
1999	120,157,281	12.4%
2003	174,600,194	25.3%
2005	215,098,545	128.1%
2007	334,340,951	6.0%
2008	431,642,756	331.0%
<hr/>		
(4) Simple Average Loss Ratio for Hurricane Years		95.5%
(5) Selected Non-Hurricane Loss Ratio		9.5%
(6) Average Hurricane Loss Ratio for Hurricane Years		86.0%
(7) Historical Hurricane Frequency		
(a) 45-Year (10/1/1963 - 9/30/2008)		0.311 (1 Hurricane Every 3.2 years)
(a) 158-Year (10/1/1850 - 9/30/2008)		0.399 (1 Hurricane Every 2.5 years)
Selected Frequency		0.399 (1 Hurricane Every 2.5 years)
(8) Indicated Hurricane Loss Ratio		34.3%

Notes:

- (2) Exhibit 6, Sheet 2. Accident years ending 9/30/xx
- (3) Exhibit 6, Sheet 2. 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  
Residential Property - Wind & Hail  
Rate Level Review**

Industry Experience -- Residential Extended Coverage  
1964 - 2008

Accident Year	Earned Premium	Earned Premium at CMR	Earned Premium at Current TWIA Rate Level	Incurred Losses	Incurred Loss Ratio	Hurricane Indicator
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1964		8,694,859	16,172,438	1,278,741	7.9%	
1965		12,141,513	22,583,214	944,410	4.2%	
1966		13,011,528	24,201,442	1,178,131	4.9%	
1967		13,130,860	24,423,400	663,024	2.7%	
1968		12,982,730	24,147,878	11,171,683	46.3%	H
1969		12,499,176	23,248,467	3,218,757	13.8%	
1970		13,243,763	24,633,399	20,786,468	84.4%	H
1971	10,640,335	13,198,133	24,548,527	22,731,206	92.6%	H
1972	12,302,040	13,902,740	25,859,096	2,242,093	8.7%	
1973	12,935,382	12,724,690	23,667,923	4,933,261	20.8%	
1974	12,794,652	11,637,700	21,646,122	2,293,219	10.6%	
1975	13,633,616	12,392,309	23,049,695	3,062,897	13.3%	
1976	17,088,846	13,884,831	25,825,786	1,522,489	5.9%	
1977	23,643,216	17,474,220	32,502,049	972,383	3.0%	
1978	28,157,329	19,320,941	35,936,950	1,449,823	4.0%	
1979	32,867,536	21,563,567	40,108,235	3,940,899	9.8%	
1980	32,179,994	22,416,603	41,694,881		74.8%	H
1981	30,817,037	29,693,419	55,229,760		3.5%	
1982	28,140,159	32,398,474	60,261,159		2.1%	
1983	28,786,234	39,817,626	74,060,784		406.7%	H
1984	20,078,668	34,626,400	64,405,102		8.7%	
1985	30,043,452	53,801,222	100,070,271		3.6%	
1986	36,673,352	50,404,401	93,752,184		8.4%	H
1987	41,598,709	56,111,288	104,366,997		2.2%	
1988	45,044,392	60,442,614	112,423,262		9.6%	
1989	41,745,774	55,107,023	102,499,062		6.9%	H
1990	40,384,195	52,572,959	97,785,703		18.9%	H
1991	46,237,137	51,609,839	95,994,298		83.9%	
1992	44,512,572	47,494,523	88,339,811		6.8%	
1993	50,741,120	54,555,786	101,473,761		11.5%	
1994	57,584,585	50,529,338	93,984,567		6.9%	
1995	60,740,049	55,699,543	103,601,152		9.1%	
1996	71,865,572	59,002,880	109,745,357		5.2%	
1997	79,154,547	58,802,293	109,372,265		7.1%	
1998	80,238,260	66,452,061	123,600,831		31.4%	
1999	71,026,552	64,600,690	120,157,281		12.4%	H
2000	75,114,174	71,144,862	132,329,445		6.9%	
2001	74,726,401	70,910,078	131,892,745		8.2%	
2002	86,289,350	76,607,818	142,490,541		20.7%	
2003	112,200,741	93,871,073	174,600,194		25.3%	H
2004	123,050,217	106,000,535	197,160,994		2.0%	
2005	135,380,924	115,644,379	215,098,545		128.1%	H
2006	154,699,767	126,678,360	235,621,750		2.4%	
2007	218,098,431	179,753,199	334,340,951		6.0%	H
2008	282,167,375	232,065,998	431,642,756		331.0%	H
Total / Average	2,363,382,692	2,290,618,844	4,260,551,030		35.2%	
Average of Non-Hurricane Years					10.7%	
Average of Non-Hurricane Years Excluding 1991 Selected					8.3%	
					9.5%	

Notes:

- (2), (3) Provided by TDI. Accident years ending 9/30/xx as of 12/31/2008
- (4) 1980 - 2004: Sum of Exhibit 6, Sheet 4 - Sheet 7, (5); 1971 - 1979: (3) \* 1.9
- (5) Provided by TDI. Accident years ending 9/30/xx as of 12/31/2008
- (6) 1980 - 2004: Exhibit 6, Sheet 3; 1964 - 1979: (5) / (4)
- (7) "H" indicates occurrence of hurricane(s) during the time period (years ending 9/30/xx)

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

Accident Year	<u>Loss Ratios by Territory / Tier</u>				Weighted Loss Ratio	
	Territory 8 (1)	Territory 9 (2)	Territory 10 (3)	Tier 2 (4)		
1980		2.7%	212.8%	74.5%	16.2%	74.8%
1981		5.2%	2.0%	2.8%	7.1%	3.5%
1982		1.6%	2.0%	2.5%	4.5%	2.1%
1983		1026.5%	5.3%	122.7%	164.9%	406.7%
1984		2.6%	4.0%	14.5%	29.6%	8.7%
1985		1.4%	4.8%	4.7%	9.4%	3.6%
1986		1.1%	2.1%	16.0%	13.4%	8.4%
1987		0.6%	3.1%	2.8%	7.0%	2.2%
1988		5.6%	5.4%	14.1%	7.1%	9.6%
1989		6.6%	5.2%	7.5%	17.0%	6.9%
1990		36.4%	9.9%	9.7%	23.9%	18.9%
1991		90.0%	13.9%	107.5%	20.1%	83.9%
1992		1.9%	11.6%	8.2%	24.9%	6.8%
1993		15.8%	10.2%	8.6%	32.1%	11.5%
1994		4.3%	6.7%	8.7%	13.2%	6.9%
1995		4.6%	10.2%	11.3%	38.2%	9.1%
1996		2.4%	6.1%	6.6%	17.4%	5.2%
1997		3.2%	5.8%	10.3%	16.6%	7.1%
1998		32.2%	14.2%	37.8%	16.8%	31.4%
1999		3.6%	24.5%	14.1%	14.9%	12.4%
2000		1.4%	3.0%	12.2%	14.3%	6.9%
2001		6.5%	8.6%	8.7%	40.8%	8.2%
2002		30.6%	7.0%	19.1%	13.1%	20.7%
2003		6.1%	10.0%	45.1%	14.6%	25.3%
2004		1.4%	2.2%	2.2%	5.1%	2.0%
2005		56.7%	3.1%	228.6%	44.4%	128.1%
2006		1.3%	2.1%	3.2%	5.9%	2.4%
2007		2.9%	1.8%	9.9%	5.4%	6.0%
2008		502.4%	2.9%	335.1%	295.2%	331.0%
Average		64.1%	13.8%	39.6%	32.2%	43.1%

<u>TWIA 2008 Written Premium by Territory / Tier</u>					
	Territory 8	Territory 9	Territory 10	Tier 2	Total
(7) Amount	78,643,995	42,266,368	110,133,769	2,135,443	233,179,575
(8) % Share	33.7%	18.1%	47.2%	0.9%	99.9%

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**  
**Residential Property - Wind & Hail**  
**Rate Level Review**

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

Accident Year	Earned Premium	Earned Premium at CMR	Factor to TWIA Rate Level	Earned Premium at Current TWIA Rate Level	Incurred Loss	Incurred Loss Ratio
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1980	3,360,557	2,795,999	1.860	5,200,558	138,376	2.7%
1981	3,358,441	3,858,373	1.860	7,176,574	373,017	5.2%
1982	2,947,993	4,064,797	1.860	7,560,522	117,400	1.6%
1983	4,317,605	6,227,127	1.860	11,582,456	118,889,570	1026.5%
1984	3,512,853	6,034,604	1.860	11,224,363	292,543	2.6%
1985	6,066,870	10,370,936	1.860	19,289,941	265,705	1.4%
1986	6,846,710	9,132,983	1.860	16,987,348	187,218	1.1%
1987	7,738,740	9,628,361	1.860	17,908,751	111,242	0.6%
1988	8,043,378	9,774,328	1.860	18,180,250	1,026,666	5.6%
1989	8,149,957	9,454,048	1.860	17,584,529	1,163,813	6.6%
1990	7,816,199	8,736,577	1.860	16,250,033	5,908,943	36.4%
1991	8,645,208	7,897,934	1.860	14,690,157	13,225,287	90.0%
1992	5,826,467	5,085,063	1.860	9,458,217	180,484	1.9%
1993	5,825,916	6,481,849	1.860	12,056,239	1,900,088	15.8%
1994	6,996,874	5,208,232	1.860	9,687,312	420,038	4.3%
1995	8,737,576	7,456,506	1.860	13,869,101	644,169	4.6%
1996	11,652,672	9,263,441	1.860	17,230,000	406,004	2.4%
1997	12,573,252	9,589,398	1.860	17,836,280	573,343	3.2%
1998	13,838,930	10,647,018	1.860	19,803,453	6,371,206	32.2%
1999	14,103,814	11,002,926	1.860	20,465,442	742,130	3.6%
2000	15,784,218	12,429,207	1.860	23,118,325	324,948	1.4%
2001	17,776,666	16,060,195	1.860	29,871,963	1,956,537	6.5%
2002	20,514,469	17,674,547	1.860	32,874,657	10,070,892	30.6%
2003	25,868,450	23,469,344	1.860	43,652,980	2,672,918	6.1%
2004	30,357,860	28,560,478	1.860	53,122,489	731,759	1.4%
2005	36,780,457	32,500,951	1.860	60,451,769	34,303,727	56.7%
2006	43,562,211	34,841,430	1.860	64,805,060	828,014	1.3%
2007	58,686,984	46,980,324	1.860	87,383,403	2,511,393	2.9%
2008	73,669,845	59,018,701	1.860	109,774,784	551,455,309	502.4%
<b>Total</b>	<b>473,361,172</b>			<b>789,096,956</b>	<b>757,792,739</b>	<b>96.0%</b>

Notes:

- (2) Provided by TDI. Accident years ending 9/30/xx as of 12/31/2008
- (3) Provided by TDI. Accident years ending 9/30/xx as of 12/31/2008
- (4) Provided by TDI
- (5) = (3) \* (4)
- (6) Provided by TDI. Accident years ending 9/30/xx as of 12/31/2008
- (7) = (6) / (5)

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

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

Accident Year	Earned Premium	Earned Premium at CMR	Factor to TWIA Rate Level	Earned Premium at Current TWIA Rate Level	Incurred Loss	Incurred Loss Ratio
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1980	2,566,355	2,135,220	1.860	3,971,509	8,452,545	212.8%
1981	2,545,487	2,924,404	1.860	5,439,391	109,799	2.0%
1982	2,223,376	3,065,671	1.860	5,702,148	111,420	2.0%
1983	2,331,938	3,838,053	1.860	7,138,779	377,010	5.3%
1984	1,632,317	3,340,038	1.860	6,212,471	249,086	4.0%
1985	2,505,564	5,259,116	1.860	9,781,956	467,721	4.8%
1986	2,977,992	4,759,698	1.860	8,853,038	189,450	2.1%
1987	3,639,667	5,763,454	1.860	10,720,024	335,212	3.1%
1988	3,971,251	6,271,084	1.860	11,664,216	626,491	5.4%
1989	3,702,536	5,649,263	1.860	10,507,629	550,215	5.2%
1990	3,519,306	5,212,712	1.860	9,695,644	955,271	9.9%
1991	4,065,190	5,305,063	1.860	9,867,417	1,367,254	13.9%
1992	3,907,712	5,425,702	1.860	10,091,806	1,170,578	11.6%
1993	4,552,395	6,951,483	1.860	12,929,758	1,312,776	10.2%
1994	5,710,806	6,826,341	1.860	12,696,994	856,369	6.7%
1995	6,908,552	8,191,045	1.860	15,235,344	1,552,987	10.2%
1996	8,568,168	9,344,285	1.860	17,380,370	1,061,115	6.1%
1997	8,425,344	8,165,988	1.860	15,188,738	882,561	5.8%
1998	8,803,621	8,677,461	1.860	16,140,077	2,289,890	14.2%
1999	8,465,256	8,293,153	1.860	15,425,265	3,778,387	24.5%
2000	8,437,094	8,243,368	1.860	15,332,664	462,008	3.0%
2001	8,894,552	8,729,080	1.860	16,236,089	1,394,445	8.6%
2002	10,534,795	9,385,878	1.860	17,457,733	1,227,528	7.0%
2003	13,881,847	12,311,598	1.860	22,899,572	2,295,803	10.0%
2004	15,458,506	14,204,248	1.860	26,419,901	569,877	2.2%
2005	17,471,646	15,284,697	1.860	28,429,536	884,782	3.1%
2006	19,888,512	15,988,222	1.860	29,738,093	632,171	2.1%
2007	29,350,173	23,490,749	1.860	43,692,793	776,001	1.8%
2008	40,269,265	32,210,371	1.860	59,911,290	1,765,626	2.9%
<b>Total</b>	<b>255,209,223</b>			<b>474,760,246</b>	<b>36,704,378</b>	<b>7.7%</b>

Notes:

- (2) Provided by TDI. Accident years ending 9/30/xx as of 12/31/2008
- (3) Provided by TDI. Accident years ending 9/30/xx as of 12/31/2008
- (4) Provided by TDI
- (5) = (3) \* (4)
- (6) Provided by TDI. Accident years ending 9/30/xx as of 12/31/2008
- (7) = (6) / (5)



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

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

Accident Year	Earned Premium	Earned Premium at CMR	Factor to TWIA Rate Level	Earned Premium at Current TWIA Rate Level	Incurred Loss	Incurred Loss Ratio
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1980	6,781,612	5,642,334	1.860	10,494,741	7,819,168	74.5%
1981	6,414,566	7,369,429	1.860	13,707,138	383,360	2.8%
1982	5,695,062	7,852,554	1.860	14,605,750	361,294	2.5%
1983	5,888,781	9,615,868	1.860	17,885,514	21,953,626	122.7%
1984	3,924,651	7,935,696	1.860	14,760,395	2,135,063	14.5%
1985	5,808,825	12,170,263	1.860	22,636,689	1,055,065	4.7%
1986	6,993,722	11,249,089	1.860	20,923,306	3,338,312	16.0%
1987	7,677,374	12,151,616	1.860	22,602,006	634,637	2.8%
1988	8,284,768	13,092,195	1.860	24,351,483	3,434,130	14.1%
1989	7,733,295	11,985,656	1.860	22,293,320	1,670,422	7.5%
1990	7,568,146	11,610,421	1.860	21,595,383	2,095,151	9.7%
1991	8,287,605	11,226,028	1.860	20,880,412	22,444,044	107.5%
1992	8,059,407	10,602,362	1.860	19,720,393	1,625,108	8.2%
1993	8,448,603	11,154,197	1.860	20,746,806	1,776,572	8.6%
1994	9,743,293	10,097,147	1.860	18,780,693	1,637,915	8.7%
1995	10,745,995	11,531,960	1.860	21,449,446	2,416,675	11.3%
1996	13,294,968	12,440,310	1.860	23,138,977	1,520,229	6.6%
1997	15,708,220	13,420,617	1.860	24,962,348	2,569,544	10.3%
1998	16,168,136	14,656,539	1.860	27,261,163	10,312,506	37.8%
1999	14,452,667	13,951,240	1.860	25,949,306	3,655,754	14.1%
2000	14,453,385	14,650,295	1.860	27,249,549	3,324,687	12.2%
2001	15,173,521	15,066,641	1.860	28,023,952	2,425,054	8.7%
2002	17,843,905	16,697,824	1.860	31,057,953	5,922,515	19.1%
2003	23,423,208	20,504,945	1.860	38,139,198	17,213,668	45.1%
2004	27,306,202	23,768,004	1.860	44,208,487	992,113	2.2%
2005	31,012,304	26,717,952	1.860	49,695,391	113,611,173	228.6%
2006	36,545,725	30,919,712	1.860	57,510,664	1,856,392	3.2%
2007	69,114,020	57,063,931	1.860	106,138,912	10,461,326	9.9%
2008	108,984,705	88,341,441	1.860	164,315,080	550,568,995	335.1%
<b>Total</b>	<b>521,536,671</b>			<b>955,084,456</b>	<b>799,214,498</b>	<b>83.7%</b>

Notes:

- (2) Provided by TDI. Accident years ending 9/30/xx as of 12/31/2008
- (3) Provided by TDI. Accident years ending 9/30/xx as of 12/31/2008
- (4) Provided by TDI
- (5) = (3) \* (4)
- (6) Provided by TDI. Accident years ending 9/30/xx as of 12/31/2008
- (7) = (6) / (5)

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

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

Accident Year	Earned Premium	Earned Premium at CMR	Factor to TWIA Rate Level	Earned Premium at Current TWIA Rate Level	Incurred Loss	Incurred Loss Ratio
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1980	19,471,470	11,843,050	1.860	22,028,073	3,557,653	16.2%
1981	18,498,543	15,541,213	1.860	28,906,656	2,055,581	7.1%
1982	17,273,728	17,415,451	1.860	32,392,739	1,472,069	4.5%
1983	16,247,909	20,136,578	1.860	37,454,035	61,752,490	164.9%
1984	11,008,847	17,316,061	1.860	32,207,873	9,535,536	29.6%
1985	15,662,193	26,000,906	1.860	48,361,685	4,532,749	9.4%
1986	19,854,927	25,262,630	1.860	46,988,492	6,306,903	13.4%
1987	22,542,928	28,567,858	1.860	53,136,216	3,739,010	7.0%
1988	24,744,994	31,305,007	1.860	58,227,313	4,139,098	7.1%
1989	22,159,987	28,018,056	1.860	52,113,584	8,884,751	17.0%
1990	21,480,544	27,013,249	1.860	50,244,643	11,997,188	23.9%
1991	25,239,134	27,180,813	1.860	50,556,312	10,178,608	20.1%
1992	26,718,987	26,381,395	1.860	49,069,395	12,221,034	24.9%
1993	31,914,206	29,968,257	1.860	55,740,958	17,910,197	32.1%
1994	35,133,612	28,397,617	1.860	52,819,568	6,968,697	13.2%
1995	34,347,927	28,520,033	1.860	53,047,261	20,240,594	38.2%
1996	38,349,764	27,954,844	1.860	51,996,010	9,046,495	17.4%
1997	42,447,731	27,626,290	1.860	51,384,899	8,514,675	16.6%
1998	41,427,572	32,471,042	1.860	60,396,138	10,127,907	16.8%
1999	34,004,815	31,353,370	1.860	58,317,268	8,680,187	14.9%
2000	36,439,477	35,821,993	1.860	66,628,907	9,518,561	14.3%
2001	32,881,662	31,054,162	1.860	57,760,741	23,557,641	40.8%
2002	37,396,181	32,849,569	1.860	61,100,198	8,003,116	13.1%
2003	49,027,236	37,585,185	1.860	69,908,444	10,181,009	14.6%
2004	49,927,649	39,467,805	1.860	73,410,117	3,738,542	5.1%
2005	50,116,517	41,140,779	1.860	76,521,849	33,990,521	44.4%
2006	54,703,319	44,928,996	1.860	83,567,933	4,903,210	5.9%
2007	60,947,254	52,218,195	1.860	97,125,843	5,253,389	5.4%
2008	59,243,560	52,495,485	1.860	97,641,602	288,265,145	295.2%
<b>Total</b>	<b>949,212,673</b>			<b>1,629,054,752</b>	<b>609,272,556</b>	<b>37.4%</b>

Notes:

- (2) Provided by TDI. Accident years ending 9/30/xx as of 12/31/2008
- (3) Provided by TDI. Accident years ending 9/30/xx as of 12/31/2008
- (4) Provided by TDI
- (5) = (3) \* (4)
- (6) Provided by TDI. Accident years ending 9/30/xx as of 12/31/2008
- (7) = (6) / (5)

**Texas Windstorm Insurance Association**  
**Residential Property - Wind & Hail**  
**Rate Level Review**  
Hurricane Loss Ratio -- AIR Model

Exhibit 7  
Sheet 1

County	TWIA Insured Values (000s) as of 3/31/08	Modeled Loss Cost	Expected Annual Hurricane Loss
(1)	(2)	(3)	(4)
Aransas	1,514,966	4.115	6,234,085
Brazoria	8,914,025	1.521	13,558,232
Calhoun	617,017	2.397	1,478,990
Cameron	2,456,408	1.803	4,428,904
Chambers	903,306	2.077	1,876,167
Galveston	15,215,061	4.234	64,420,568
Harris	612,073	4.312	2,639,259
Jefferson	4,237,966	1.188	5,034,704
Kenedy	1,621	1.285	2,083
Kleberg	176,983	0.722	127,782
Matagorda	621,001	3.122	1,938,765
Nueces	7,761,034	3.569	27,699,130
Refugio	63,573	1.577	100,255
San Patricio	1,457,238	3.972	5,788,149
Willacy	72,088	2.748	198,098
<b>Total</b>	<b>44,624,360</b>	<b>3.037</b>	<b>135,525,171</b>
(5) 2008 Earned Premium at Present Rates			253,386,716
(6) Indicated Hurricane Loss Ratio			53.5%

Notes:

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

**Texas Windstorm Insurance Association**  
**Residential 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	1,790,634	7,369,239	4.115
Brazoria	10,408,162	15,827,612	1.521
Calhoun	483,480	1,159,081	2.397
Cameron	2,881,383	5,194,991	1.803
Chambers	246,839	512,583	2.077
Galveston	16,891,481	71,514,403	4.234
Harris	1,530,076	6,598,307	4.312
Jefferson	4,853,837	5,765,966	1.188
Kenedy	1,576	2,025	1.285
Kleberg	202,172	145,931	0.722
Matagorda	711,828	2,222,281	3.122
Nueces	8,896,276	31,747,195	3.569
Refugio	73,335	115,613	1.577
San Patricio	1,774,468	7,048,564	3.972
Willacy	83,538	229,591	2.748
<b>Total</b>	<b>50,829,085</b>	<b>155,453,382</b>	<b>3.058</b>

Notes:

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

**Texas Windstorm Insurance Association**  
**Residential Property - Wind & Hail**  
**Rate Level Review**  
Hurricane Loss Ratio -- RMS Model

County	TWIA Insured Values (000s) as of 3/31/08	Modeled Loss Cost	Expected Annual Hurricane Loss
(1)	(2)	(3)	(4)
Aransas	1,514,966	3.056	4,629,736
Brazoria	8,914,025	1.305	11,632,803
Calhoun	617,017	3.509	2,165,113
Cameron	2,456,408	2.053	5,043,006
Chambers	903,306	1.158	1,046,028
Galveston	15,215,061	2.978	45,310,452
Harris	612,073	2.792	1,708,908
Jefferson	4,237,966	1.358	5,755,158
Kenedy	1,621	1.612	2,613
Kleberg	176,983	0.833	147,427
Matagorda	621,001	2.717	1,687,260
Nueces	7,761,034	2.065	16,026,535
Refugio	63,573	1.839	116,911
San Patricio	1,457,238	1.760	2,564,739
Willacy	72,088	2.662	191,898
<b>Total</b>	<b>44,624,360</b>	<b>2.197</b>	<b>98,028,587</b>
(5) 2008 Earned Premium at Present Rates			253,386,716
(6) Indicated Hurricane Loss Ratio			38.7%

Notes:

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

**Texas Windstorm Insurance Association**  
**Residential 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	1,654,689	5,056,659	3.056
Brazoria	10,355,908	13,511,591	1.305
Calhoun	690,139	2,421,650	3.509
Cameron	2,881,383	5,916,564	2.053
Chambers	1,054,001	1,220,349	1.158
Galveston	16,919,248	50,389,784	2.978
Harris	744,258	2,078,217	2.792
Jefferson	4,865,272	6,608,044	1.358
Kenedy	1,576	2,541	1.612
Kleberg	202,172	168,433	0.833
Matagorda	710,482	1,930,319	2.717
Nueces	8,928,519	18,437,220	2.065
Refugio	72,678	133,691	1.839
San Patricio	1,685,237	2,965,588	1.760
Willacy	83,538	222,399	2.662
<b>Total</b>	<b>50,849,100</b>	<b>111,063,049</b>	<b>2.184</b>

Notes:

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

**Texas Windstorm Insurance Association**  
**Residential 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
45-Year	10/1/1963 - 9/30/2008	14	45	0.311
158-Year	10/1/1850 - 9/30/2008	63	158	0.399

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

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

Calculation of Industry Earned Premium at Present Rate Level  
Tier 1 -- Territory 8 (Galveston County)

Year	Earned Premium at Current Manual Rates	Factor to TWIA Rate Level	Earned Premium at Current Rate Level
(1)	(2)	(3)	(4)
1999	11,002,926	1.860	20,465,442
2000	12,429,207	1.860	23,118,325
2001	16,060,195	1.860	29,871,963
2002	17,674,547	1.860	32,874,657
2003	23,469,344	1.860	43,652,980
2004	28,560,478	1.860	53,122,489
2005	32,500,951	1.860	60,451,769
2006	34,841,430	1.860	64,805,060
2007	46,980,324	1.860	87,383,403
2008	59,018,701	1.860	109,774,784
Total	282,538,103		525,520,872

Notes:

- (2) Provided by TDI
- (3) Provided by TDI
- (4) = (2) \* (3)



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

Exhibit 10  
Sheet 1b

Calculation of Industry Earned Premium at Present Rate Level  
Tier 1 -- Territory 9 (Nueces County)

Year	Earned Premium at Current Manual Rates	Factor to TWIA Rate Level	Earned Premium at Current Rate Level
(1)	(2)	(3)	(4)
1999	8,293,153	1.860	15,425,265
2000	8,243,368	1.860	15,332,664
2001	8,729,080	1.860	16,236,089
2002	9,385,878	1.860	17,457,733
2003	12,311,598	1.860	22,899,572
2004	14,204,248	1.860	26,419,901
2005	15,284,697	1.860	28,429,536
2006	15,988,222	1.860	29,738,093
2007	23,490,749	1.860	43,692,793
2008	32,210,371	1.860	59,911,290
Total	148,141,364		275,542,936

Notes:

- (2) Provided by TDI
- (3) Provided by TDI
- (4) = (2) \* (3)

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

Calculation of Industry Earned Premium at Present Rate Level  
Tier 1 -- Territory 10 (Other Tier 1)

Year	Earned Premium at Current Manual Rates	Factor to TWIA Rate Level	Earned Premium at Current Rate Level
(1)	(2)	(3)	(4)
1999	13,951,240	1.860	25,949,306
2000	14,650,295	1.860	27,249,549
2001	15,066,641	1.860	28,023,952
2002	16,697,824	1.860	31,057,953
2003	20,504,945	1.860	38,139,198
2004	23,768,004	1.860	44,208,487
2005	26,717,952	1.860	49,695,391
2006	30,919,712	1.860	57,510,664
2007	57,063,931	1.860	106,138,912
2008	88,341,441	1.860	164,315,080
Total	307,681,985		572,288,492

Notes:

- (2) Provided by TDI
- (3) Provided by TDI
- (4) = (2) \* (3)

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

Calculation of Industry Earned Premium at Present Rate Level  
Tier 2 -- (Territories 1 and 11)

Year	Earned Premium at Current Manual Rates	Factor to TWIA Rate Level	Earned Premium at Current Rate Level
(1)	(2)	(3)	(4)
1999	31,353,370	1.860	58,317,268
2000	35,821,993	1.860	66,628,907
2001	31,054,162	1.860	57,760,741
2002	32,849,569	1.860	61,100,198
2003	37,585,185	1.860	69,908,444
2004	39,467,805	1.860	73,410,117
2005	41,140,779	1.860	76,521,849
2006	44,928,996	1.860	83,567,933
2007	52,218,195	1.860	97,125,843
2008	52,495,485	1.860	97,641,602
Total	398,915,539		741,982,902

Notes:

- (2) Provided by TDI
- (3) Provided by TDI
- (4) = (2) \* (3)

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

Calculation of TWIA Earned Premium at Present Rate Level

Year	Earned Premium at Current Manual Rates	Factor to TWIA Rate Level	Earned Premium at Current Rate Level
(1)	(2)	(3)	(4)
1999	21,356,653	1.671	35,686,967
2000	27,861,402	1.752	49,964,143
2001	31,469,606	1.619	50,951,090
2002	39,171,030	1.436	56,230,540
2003	51,443,211	1.431	73,599,018
2004	62,068,944	1.393	86,439,493
2005	72,654,696	1.308	95,024,093
2006	84,811,009	1.305	110,689,855
2007	144,542,209	1.261	182,300,388
2008	212,382,667	1.193	253,386,716
<b>Total</b>	<b>747,761,427</b>		<b>994,272,304</b>

Notes:

- (2) Provided by TWIA
- (3) Based on historical rate changes
- (4) = (2) \* (3)

**Texas Windstorm Insurance Association**  
**Residential 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)