TWIA Funding

Under Current and Possible Reinsurance Scenarios

Current Reinsurance Based on Amounts and Rates Approved by TWIA Board on 3/11/08

	Proposed Funding for 2008	Proposed Funding with Additional \$500 Million Retention for Reinsurance	Proposed Funding with Additional \$1 Billion Retention for Reinsurance	Proposed Funding with Additional \$1.5 Billion Retention for Reinsurance	
	Unlimited Assessment (Reimbursable via Premium Tax Credits)	Unlimited Assessment (Reimbursable via Premium Tax Credits)	Unlimited Assessment (Reimbursable via Premium Tax Credits)	Unlimited Assessment \$200 Million Assessment <u>\$500 Million Reinsurance</u> Est. Rate On-Line = 6.75%	100-Year Storm
			\$200 Million Assessment	Annual Premium = \$33.75 M	
			<u>\$500 Million Reinsurance</u> Est. Rate On-Line = 7.75% Annual Premium = \$38.75 M	<u>\$500 Million Reinsurance</u> Est. Rate On-Line = 7.75% Annual Premium = \$38.75 M	
		\$200 Million Assessment			
\$2.3 B		<u>\$500 Million Reinsurance</u> Est. Rate On-Line = 8.75%	<u>\$500 Million Reinsurance</u> Est. Rate On-Line = 8.75%	<u>\$500 Million Reinsurance</u> Est. Rate On-Line = 8.75%	50-Yea
\$2.1 B	\$200 Million Assessment	Annual Premium = \$43.75 M	Annual Premium = \$43.75 M	Annual Premium = \$43.75 M	Storm
\$1.6 B	<u>\$500 Million Reinsurance</u> Rate On-Line = 10.5% Annual Premium = \$52.5 M	<u>\$500 Million Reinsurance</u> Rate On-Line = 10.5% Annual Premium = \$52.5 M	<u>\$500 Million Reinsurance</u> Rate On-Line = 10.5% Annual Premium = \$52.5 M		
\$1.1 B	<u>\$500 Million Reinsurance</u> Rate On-Line = 12.5% Annual Premium = \$62.5 M	<u>\$500 Million Reinsurance</u> Rate On-Line = 12.5% Annual Premium = \$62.5 M	\$1 Billion Additional Retention (from Bonds or Other Sources)	\$1.5 Billion Additional Retention (from Bonds or Other Sources)	
	<u>\$500 Million Reinsurance</u> Rate On-Line = 17.25% Annual Premium = \$86.25 M	\$500 Million Additional Retention (from Bonds or Other Sources)			20-Yea Storm
	\$500 Million Catastrophe Reserve Trust Fund	\$500 Million Catastrophe Reserve Trust Fund	\$500 Million Catastrophe Reserve Trust Fund	\$500 Million Catastrophe Reserve Trust Fund	10-Yea Storm
\$0	\$100 Million Assessment	\$100 Million Assessment	\$100 Million Assessment	\$100 Million Assessment	
	Total Reinsurance = \$201.25 M	Total Reinsurance = \$158.75 M Savings = \$42.50 M	Total Reinsurance = \$135.00 M Savings = \$66.25 M	Total Reinsurance = \$116.25 M Savings = \$85.00 M	

Notes: Storm frequencies based on average of AIR and RMS per occurrence losses using TWIA exposures as of 11/30/2007 Reinsurance costs above \$2.1 billion are estimates based on available data Does not include the cost to obtain additional capital, e.g. pre-event bonds