



May 9, 2012

Via email davcrump@yahoo.com

RE: Public Information Request

Dear Mr. Crump,

Please find our corrected response to your April 24, 2012 request for information. We have added the additional information you requested May 8, 2012. The values listed below are accurate and based on the most recent model results. The recent actuarial study did not include the production of additional model results and therefore we have no additional information responsive to your request.

1. Probable Maximum Loss (Cat. 4 hurricane strike) estimates to TWIA for Galveston, Corpus Christi and Brownsville.

The following table summarizes modeled hurricane results for the three specified areas, including adjacent counties. Model results are based on TWIA exposures as of 12/31/2011 as modeled by the AIR CLASIC/2 v13.0 model using historical event rates, including loss amplification and excluding storm surge.

Estimated Loss

Category	Area	Minimum	25th Percentile	Average	75th Percentile	Maximum
4	Galveston	51,931,009	1,442,662,652	4,592,498,799	6,657,006,857	14,209,420,346
4	Corpus Christi	146,535,655	1,386,544,605	3,889,367,128	5,534,416,561	14,334,705,935
4	Brownsville	42,025	60,564,671	584,215,308	902,580,765	3,351,339,820

2. TWIA insurance total exposure to these three areas (Galveston, Corpus Christi & Brownsville). This would include any adjacent first tier counties that would be impacted and the part of Harris County covered by TWIA.

The following table shows TWIA direct liability (buildings and contents exposures) as of 3/31/2012 for the three specified areas, including adjacent counties.

Area	Liability
Galveston	38,951,237,812
Corpus Christi	15,530,795,088
Brownsville	4,904,930,302

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3. Projected TWIA surplus at start of 2012 hurricane.

TWIA projects that there will be approximately \$215 million in the Catastrophe Reserve Trust Fund at the start of the 2012 hurricane season. TWIA premium and other revenue could provide for additional funding of up to approximately \$50 million at the start of hurricane season, depending on the amount of any prior non-hurricane losses.

4. TWIA funding structure for the 2012 hurricane season.

TWIA losses in the 2012 hurricane season will be paid from the following funding sources, in order:

- a. TWIA premium and other revenue, estimated approximately \$85 million
- b. TWIA available reserves and available amounts in the CRTF, estimated approximately \$215 million
- c. Up to \$1 billion in Class 1 public securities
- d. Up to \$1 billion in Class 2 public securities
- e. Up to \$500 million in Class 3 public securities

Additionally, reinsurance may be purchased in addition to or in concert with the CRTF and public securities. The amount of any reinsurance program has not yet been determined for 2012. The 2011 reinsurance program provided an additional \$636 million in potential funding.

5. TWIA re-insurance in force or planned for the 2012 hurricane season (through 11/1/2012).

The terms of the TWIA reinsurance program for 2012 have not yet been determined. The TWIA Board of Directors will discuss that issue at its May 15 meeting. The 2011 reinsurance program provided \$636 million in coverage above a \$1.6 billion retention.

Thank you and best regards,

Jennifer Armstrong
Public Information Coordinator
Texas Windstorm Insurance Association
Texas Fair Plan Association

Texas Windstorm Insurance Association

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