MISSISSIPPI WINDSTORM UNDERWRITING ASSOCIATION

P.O. Box 5389
2685 Crane Ridge Drive
Phone (601) 981-2915
Fax (601) 981-2924
Jackson, Mississippi 39296-5389

April 28, 2006

Mr. John Wells, Rating Director
Mississippi Department of Insurance
Post Office Box 79
Jackson, Mississippi 39205-0079

Dear Mr. Wells:

MWUA NO. 1 - 2006
MISSISSIPPI WINDSTORM UNDERWRITING ASSOCIATION (MWUA)
RATE REVISION

The Board of Directors of the Mississippi Windstorm Underwriting Association (MWUA) submits for your review and approval the attached Rate Revision for the following:

1. Dwelling (+ 397.8%) (Building and its contents or contents if insured by a separate policy).

2. Commercial Properties (+ 268.3%) (Building and its contents or contents if insured by a separate policy, other than habitational property).

3. Mobile Homes (+ 60.4%) (Building and its contents or contents if insured by a separate policy).

This rate revision is applicable to structures and/or contents written through the MWUA located in the six (6) coastal counties of Hancock, Harrison, Jackson, Pearl River, Stone and George.

The experience data, an explanation memorandum and other actuarial information are included in this filing.

It is proposed that this filing become effective under the following rule of application.

These rate revisions are applicable to all policies written on renewed on or after July 1, 2006.

We are enclosing our check in the amount of fifteen dollars ($15.00) to cover the fee for this filing.

Should you have questions, please advise.

Yours very truly,

Albert G. Parks
Manager

jb

Property & Casualty Transmittal Document (Revised 1/1/06)

1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only	
	a. Date the filing is received:	
	b. Analyst:	
	c. Disposition:	
	d. Date of disposition of the filing:	
	e. Effective date of filing:	
	New Business	
	Renewal Business	
	f. State Filing #:	
	g. SERFF Filing #:	
	h. Subject Codes	

3.	Group Name	Group NAIC #
	Mississippi Windstorm Underwriting Association	N/A

4.	Company Name(s)	Domicile	NAIC #	FEIN #
	Mississippi Windstorm Underwriting Assoc.	MS	N/A	N/A

5.	Company Tracking Number	MWUA NO. 1 - 2006

Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Mr. Albert G. Parks MS Ins. Rating Bureau	Manager	(601)981-2915	(601)981-2924	
	P.O. Box 5231 Jackson, MS 39296-5231				
7.	Signature of authorized filer		Albert G. Parks		
8.	Please print name of authorized filer		Albert G. Parks		

Filing information (see General Instructions for descriptions of these fields)

9.	**Type of Insurance (TOI)**	01.0 Property			
10.	**Sub-Type of Insurance (Sub-TOI)**	01.0002 Personal Property (Fire and Allied Lines)			
11.	**State Specific Product code(s)(if applicable)[See State Specific Requirements]**				
12.	**Company Program Title** (Marketing title)				
13.	**Filing Type**	[X] Rate/Loss Cost [ ] Rules [ ] Rates/Rules [ ] Forms [ ] Combination Rates/Rules/Forms [ ] Withdrawal[ ] Other (give description)			
14.	**Effective Date(s) Requested**	New:	7/1/2006	Renewal:	7/1/2006
15.	**Reference Filing?**	[ ] Yes [X] No			
16.	**Reference Organization** (if applicable)				
17.	**Reference Organization # & Title**				
18.	**Company's Date of Filing**	April 28, 2006			
19.	**Status of filing in domicile**	[ ] Not Filed [ ] Pending [ ] Authorized [ ] Disapproved			

Property & Casualty Transmittal Document—

20.	This filing transmittal is part of Company Tracking #	MWUA NO1.-2006

21.	Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]

The Mississippi Windstorm Underwriting Association (MWUA) requests a uniform upward revision of all Dwelling rates of 397.8%, as set forth and explained in the Actuarial Memorandum contained in the filing.

22.	Filing Fees (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]

Check #: 17448
Amount: $15.00

Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.

*****Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**

Effective January 1, 2006

FORM FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes forms)

(Do not refer to the body of the filing for the forms listing, unless allowed by state.)

1.	**This filing transmittal is part of Company Tracking #**	MWUA NO.1-2006
2.	**This filing corresponds to rate/rule filing number** (Company tracking number of rate/rule filing, if applicable)	

3.	Form Name /Description/Synopsis	Form # Include edition date	Replacement Or withdrawn?	If replacement, give form # it replaces	Previous state filing number, if required by state
01			[ ] New [ ] Replacement [ ] Withdrawn		
02			[ ] New [ ] Replacement [ ] Withdrawn		
03			[ ] New [ ] Replacement [ ] Withdrawn		
04			[ ] New [ ] Replacement [ ] Withdrawn		
05			[ ] New [ ] Replacement [ ] Withdrawn		
06			[ ] New [ ] Replacement [ ] Withdrawn		
07			[ ] New [ ] Replacement [ ] Withdrawn		
08			[ ] New [ ] Replacement [ ] Withdrawn		
09			[ ] New [ ] Replacement [ ] Withdrawn		
10			[ ] New [ ] Replacement [ ] Withdrawn		

PC FFS-1

Effective January 1, 2006

RATE/RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)

1.	**This filing transmittal is part of Company Tracking #**	MWUA NO. 1-2006
2.	**This filing corresponds to form filing number** (Company tracking number of form filing, if applicable)	

☒ Rate Increase ☐ Rate Decrease ☐ Rate Neutral (0%)

3.	**Filing Method (Prior Approval, File & Use, Flex Band, etc.)**	Prior Approval

4a. Rate Change by Company (As Proposed)

Company Name	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)
MWUA	+397.8%	42,020,672	15,705	10,563,266	+397.8%	+397.8%

4b. Rate Change by Company (As Accepted) For State Use Only

Company Name	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change	Minimum % Change

5. Overall Rate Information (Complete for Multiple Company Filings only)

		COMPANY USE	STATE USE
5a	**Overall percentage rate impact for this filing**		
5b	**Effect of Rate Filing – Written premium change for this program**		
5c	**Effect of Rate Filing – Number of policyholders affected**		

6.	**Overall percentage of last rate revision**	+22%
7.	**Effective Date of last rate revision**	9/1/2003
8.	**Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)**	Prior Approval

9.	Rule # or Page # Submitted for Review	Replacement or withdrawn?	Previous state filing number, if required by state
01		[ ] New [ ] Replacement [ ] Withdrawn	
02		[ ] New [ ] Replacement [ ] Withdrawn	
03		[ ] New [ ] Replacement [ ] Withdrawn	

PC RRFS-1

MISSISSIPPI RATEMAKING WORKSHEET

1. What is the largest and smallest cumulative effect of all changes being made in this filing on any individual class of insured?

☐ **Largest (+/-)** + 397.8%
☐ **Smallest (+/-)** + 397.8%

2. What percentage of insureds will receive an increase of **25%** or more? Describe the main contributors to increases above **25%**.

   All dwelling policyholders will receive a 397.8% increase, brought about by an across-the-board flat increase of the base rates.

3. Provide an **actuarial memorandum** on your rate-making methodology. This memorandum, including all applicable **exhibits** as shown below, must follow the **Mississippi Cover Sheet**. The memorandum must include the following:

☐ Description of all changes being made in the filing.

☐ **Exhibit A.** Summary of the overall changes and changes by territory, limits, protection class, etc.

☐ **Exhibit B.** This exhibit is not required for **new** business. Five years of Mississippi and Countrywide experience for the line of business to which the filing pertains. The data source is statutory Page 14.

☐ **Exhibit C.** Three years of underwriting expense and loss adjustment expense. The data source is the Insurance Expense Exhibit.

☐ **Exhibit D.** This exhibit would show the derivation of the profit/contingency factor.

☐ **Exhibit E.** Provide if appropriate to filing. Loss development data, including selected development factors.

☐ **Exhibit F.** Provide if appropriate to filing. Explanation of trending procedures and support for the selected trend factors.

☐ Any other **exhibits** deemed necessary to support the requested rate change. These could include:

- ☐ Support for credibility.
- ☐ Explanation of any adjustment for large or catastrophic losses.
- ☐ Explanation of models used for earthquake, hurricanes or any other exposure where modeling was used. If modeling is used, include a summary of the changes in the coverages/exposures for which the model is used.

Exhibits A, C, and D are required on all filings, including adoption of rate service organization loss costs.

MISSISSIPPI DEPARTMENT OF INSURANCE
PROPERTY & CASUALTY RATE FILING EXHIBITS

EXHIBIT A - STATEWIDE AVERAGE RATE LEVEL INFORMATION

COMPLETE THE FOLLOWING EXHIBIT ON A STATEWIDE, ALL CLASSES COMBINED, BASIS.

(A) COVERAGE/FORM	(B) LATEST YEAR DIRECT WRITTEN PREMIUMS	(C) PROPOSED CHANGE DUE TO OVERALL EXPERIENCE	(D) PROPOSED CHANGE DUE TO OTHER FACTORS*	(E) PROPOSED RATE LEVEL CHANGE PERCENT [(C) x (D)] - 1
Dwelling	10,563,266	0%	397.8%	397.8%
TOTAL STATEWIDE AVERAGE RATE CHANGE	**********	**********	**********	397.8%

*Examples could be loss cost modifier, territorial changes, relativity changes, increased limit factors.

Attach additional Exhibit C pages as needed.

Ed. 1/2000

MISSISSIPPI DEPARTMENT OF INSURANCE
PROPERTY & CASUALTY RATE FILING EXHIBITS

EXHIBIT B - HISTORICAL EXPERIENCE

PLEASE PROVIDE THE FOLLOWING INFORMATION ON A CALENDAR YEAR BASIS.

COVERAGE/FORM: Windstorm & Hail (All Segments)

MISSISSIPPI					
YEAR	(A) DIRECT PREMIUMS WRITTEN	(B) DIRECT PREMIUMS EARNED	(C) DIRECT LOSSES & ALAE PAID	(D) DIRECT LOSSES & ALAE INCURRED	(E) INCURRED LOSS & ALAE RATIO (D) / (B)
2000	6,296,583	6,125,011	311,132	246,949	4.0%
2001	5,817,653	5,902,434	388,310	381,575	6.5%
2002	8,626,556	6,994,729	530,187	770,983	11.0%
2003	10,449,707	9,268,971	1,029,483	738,036	8.0%
2004	12,781,201	11,564,448	3,614,362	3,828,556	33.1%

COUNTRYWIDE					
YEAR	(A) DIRECT PREMIUMS WRITTEN	(B) DIRECT PREMIUMS EARNED	(C) DIRECT LOSSES & ALAE PAID	(D) DIRECT LOSSES & ALAE INCURRED	(E) INCURRED LOSS & ALAE RATIO (D) / (B)
2000	6,296,583	6,125,011	311,132	246,949	4.0%
2001	5,817,653	5,902,434	388,310	381,575	6.5%
2002	8,626,556	6,994,729	530,187	770,983	11.0%
2003	10,449,707	9,268,971	1,029,483	738,036	8.0%
2004	12,781,201	11,564,448	3,614,362	3,828,556	33.1%

Attach additional Exhibit B pages as needed.

MISSISSIPPI DEPARTMENT OF INSURANCE
PROPERTY & CASUALTY RATE FILING EXHIBITS

EXHIBIT C – EXPENSE INFORMATION

Coverage/Form: Windstorm & Hail (All Segments)

UNDERWRITING EXPENSES AS PERCENTS OF DIRECT PREMIUMS WRITTEN

MS (ANNUAL STATEMENT PAGE 14)

	2002		2003		2004		
	AMOUNT (000)	PERCENT	AMOUNT (000)	PERCENT	AMOUNT (000)	PERCENT	MEAN PERCENT
1. PREMIUMS WRITTEN	$8,627	----	$10,450	----	$12,781	----	----
2. COMMISSION & BROKERAGE EXPENSES INCURRED	$928	10.8%	$1,211	11.6%	$1,520	11.9%	11.4%
3. TAXES, LICENSES & FEES INCURRED	$0	0.0%	$0	0.0%	$0	0.0%	0.0%

COUNTRYWIDE (IEE, PART III)

4. PREMIUMS WRITTEN	$8,627	----	$10,450	----	$12,781	----	----
5. COMMISSION & BROKERAGE EXPENSES INCURRED	$928	10.8%	$1,211	11.6%	$1,520	11.9%	11.4%
6. OTHER ACQUISITION EXPENSES INCURRED	$756	8.8%	$911	8.7%	$1,118	8.8%	8.7%
7. GENERAL EXPENSES INCURRED	$472	5.5%	$542	5.2%	$626	4.9%	5.2%

LOSS ADJUSTMENT EXPENSES AS PERCENTS OF DIRECT LOSSES INCURRED

MS (ANNUAL STATEMENT PAGE 14)

8. LOSSES INCURRED	$456	----	$693	----	$3,337	----	----
9. ALLOCATED LAE INCURRED	$315	69.0%	$45	6.5%	$492	14.7%	30.1%

COUNTRYWIDE (IEE, PART III)

10. LOSSES INCURRED	$456	----	$693	----	$3,337	----	----
11. ALLOCATED LAE INCURRED	$315	69.0%	$45	6.5%	$492	14.7%	30.1%
12. UNALLOCATED LAE INCURRED	$0	0.0%	$0	0.0%	$0	0.0%	0.0%

Attach additional Exhibit C (Part 1) pages as needed.

EXHIBIT C – EXPENSE INFORMATION (PAGE 2)

COVERAGE/FORM: Windstorm & Hail (All Segments)

EXPENSE PROVISIONS UNDERLYING YOUR PROPOSED RATES, AS A PERCENT OF PREMIUM	
13. COMMISSION & BROKERAGE EXPENSES INCURRED	11.25%
14. OTHER ACQUISITION EXPENSES INCURRED	8.75%
15. GENERAL EXPENSES INCURRED	1.62%
16. TAXES, LICENSES & FEES INCURRED	0.00%
17. PROFIT & CONTINGENCIES	0.00%
18. TOTAL EXPENSES & PROFIT (SUM OF LINES 13 THROUGH 17)	21.62%
19. PERMISSIBLE LOSS & LAE RATIO (1 – LINE 18)	78.38%

LOSS ADJUSTMENT EXPENSE PROVISIONS UNDERLYING YOUR PROPOSED RATES, AS A PERCENT OF LOSSES	
20. ALLOCATED LAE	N/A
21. UNALLOCATED LAE	N/A
22. TOTAL LAE (SUM OF LINES 20 – 21)	N/A

Attach additional Exhibit C (part 2) pages as needed.

MISSISSIPPI DEPARTMENT OF INSURANCE
PROPERTY & CASUALTY RATE FILING EXHIBITS

EXHIBIT D - INVESTMENT INCOME / PROFIT & CONTINGENCY

Please see the actuarial memorandum for discussion of investment income and underwriting profit.

ACTUARIAL MEMORANDUM

Mississippi Windstorm Underwriting Association
Line of Business: Dwelling
Proposed Effective Date: July 1, 2006

The Mississippi Windstorm Underwriting Association (MWUA) is filing with the Mississippi Insurance Department (MID) a request to change MWUA rates for dwelling policies. This request has a proposed effective date of July 1, 2006.

The Board of Directors of MWUA has voted to petition MID for a flat rate increase of **397.8%** for all dwelling policies. Actuarial justification for this proposed change is enclosed in the form of an actuarial rate analysis, and a description of that analysis is contained in this actuarial memorandum.

Bickerstaff, Whatley, Ryan & Burkhalter, Inc. (BWR&B) has been engaged by the Board of Directors of MWUA to produce the analysis and memorandum in support of this rate filing. BWR&B has no affiliation with MWUA, other than in its capacity as MWUA's independent actuarial consulting firm.

Exhibit 1 – Indicated Rate Change

Exhibit 1 displays the calculation of the indicated premium change for the projection period, which is the twelve-month policy year beginning on the effective date of July 1, 2006. A pure premium approach is used to determine the indicated change. The indicated premium rate, which equals the indicated premium per $100 of total insured value covered by MWUA, is built from the ground up

on Exhibit 1. Two different reinsurance structures form the basis of the rate indication calculation. The left column is based on reinsurance actually purchased by MWUA with an effective date of 3/17/2006, with a one-year term. The right column shows the calculation of the indicated rate supporting a reinsurance structure that would cover a loss that approximately equaled the size of Hurricane Katrina in August, 2005. The MWUA Board is currently discussing this additional reinsurance coverage with its brokers.

The first constituent portion of the indicated premium rate is the portion expected from non-hurricane loss and allocated loss adjustment expenses (ALAE). The estimated rate is shown on row (1) and derived in Exhibit 2.

Row (2) shows the portion of hurricane losses estimated to be retained by MWUA under its proposed reinsurance structure. The MWUA has purchased reinsurance under which it will retain all losses for any occurrence up to $10 million, and all losses exceeding $350 million per occurrence. The loss rate shown on row (2) was generated by the use of an industry-standard catastrophe model, described in more detail later in this memorandum. Row (3) is the sum of non-hurricane losses and hurricane losses expected to be retained by MWUA.

Row (4) contains the total insured value expected to be covered in the projection period, for all policies with an effective date within one year of the effective date of this filing. The catastrophic effect of Hurricane Katrina introduces an extreme complication into this projected number. It is believed that the actual exposure of MWUA has dropped since August because of the extensive damage that the hurricane caused. However, as reinsurance and primary insurance markets inevitably constrict in the wake of such a catastrophic storm season, the residual markets are

expected to grow significantly in size. Quantification of this expected growth is, at this time, impossible. This analysis uses the inventory of in-force policies as of December 31, 2005 as a starting point from which to make projections. While this inventory is admittedly not perfect, it is the most accessible and verifiable group with which to work. The total insured value for the dwelling segment as of 12/31/2005 is adjusted upward to reflect the actual overall percentage growth of the Pool's total insured value between 12/31/2005 and 3/31/2006. Row (5) is the projected ultimate net loss (and ALAE) for MWUA, based on the product of rows (3) and (4).

Rows (6) through (10) show the application of MWUA underwriting expenses, which is accomplished in three steps. The expenses are derived in Exhibit 5 and are described in greater detail below.

The total projected funding for the projection period is shown on row (11), giving rise to the indicated premium rate for the projection period on row (12). The current average premium rate, based on the in-force dwelling policy inventory as of 12/31/2005, is shown on row (13). The indicated premium rate change, shown on row (14), is calculated as the ratio of rows (12) and (13), minus unity.

Exhibit 2 – Calculation of Projected Non-Hurricane Loss & ALAE Rate

Exhibit 2 shows the calculation of the projected non-hurricane loss & ALAE rate, which is carried forward to row (1) of Exhibit 1. This projection is based on historical exposure and historical non-

hurricane losses for the latest completed five policy years, developed to ultimate levels and trended forward to the projection period.

Column (1) of Exhibit 2 shows the adjusted historical exposure for the latest five completed policy years. These figures are calculated in Exhibit 3, described below. Column (2) shows the adjusted historical non-hurricane losses, which are calculated in Exhibit 4 and described below.

Exhibit 3 – Calculation of Adjusted Historical Exposure

The pure premium method of ratemaking relies heavily on an exposure base that is predictive of the general level of expected losses. For this analysis, the total insured value, for building and contents coverages, is used as that exposure base. Total insured value is an exposure statistic that is inflation-sensitive. Additionally, changes in the exposure base, such as the percentage of dwellings risks that are masonry versus frame, can distort the indicated rate for the projection period. Therefore, certain adjustments should be made to the historical exposure to ensure its proper use in the ratemaking calculation. These adjustments are contained in Exhibit 3.

Page 2 of Exhibit 3 shows the calculation of "Current Amount Factors" and "Exposure Projection Factors". Current Amount Factors serve to adjust historical exposures to the average cost level of the most recent policy year in the experience period. This is done by comparing the average total insured value for each policy year in the experience period. This comparison implicitly includes any shift in the exposure profile over the experience period, such as the portion of exposure south of Interstate 10.

The Exposure Projection Factor adjusts exposures to the midpoint (average date of policy writing) of the projection period. A simplifying assumption underlying this calculation is that policies are generally written evenly throughout the year. After reviewing the best fit of an exponential curve to the average total insured value per policy, an annual trend figure is selected, and from that trend, the Exposure Projection Factor is calculated.

On Page 1 of Exhibit 3, the Current Amount Factors and Exposure Projection Factor are applied to the historical exposure, and the resulting figures are brought forward to Exhibit 2 for use in the calculation of the projected non-hurricane loss rate.

Exhibit 4 – Calculation of Adjusted Historical Non-Hurricane Losses

The portion of the indicated average premium rate attributable to non-hurricane losses is projected using five policy years of historical losses, actuarially-adjusted for differences between the experience period and the projection period.

The first adjustment is the development of policy year losses to ultimate. The reported losses (and ALAE) are evaluated as of 12/31/2005 and are shown in Column (1) of Exhibit 4, Page 1. Loss development factors, designed to bring these reported losses to an ultimate level, are applied in Column (2). They are based on accident year factors appearing in Best's *Aggregates & Averages* in the Homeowners line of business. These factors are adjusted for proper application to policy year losses.

Next, historical losses must be adjusted to reflect the general cost level during the projection period. As with the adjustment to historical exposure, this is done in two parts. The "Current Amount Factor" adjusts historical losses to the cost level of the latest policy year. The "Loss Projection Factor" adjusts those losses further to the average exposure date of the projection period. Both factors are derived on Exhibit 4, Page 3 and are based on a mixture of various components of the Consumer Price Index (CPI), as published by the Department of Commerce Bureau of Labor Statistics.

Exhibit 5 – Underwriting Expenses and Profit Load

Exhibit 5 displays the derivation of expense figures used in the rate indication. Expenses are split into three classifications.

Variable expenses are a percentage of written premium and include commissions and policy writing fees paid to the servicing carrier. These fees cover the costs of the servicing carrier's unallocated loss adjustment expense, as well as the miscellaneous expenses associated with the issuance and servicing of insurance policies. The selected percentages are based on the contractual provisions of the service agreement for the service fee, and an average of new and renewal commission percentages. If the Pool experiences rapid growth, the actual commission expense may exceed this level, though the impact of this potential difference on the currently-calculated indicated rate is considered to be minimal.

The fixed expenses are expressed as a flat dollar amount and include salaries and other expenses of employees of the Mississippi Rating Bureau, which acts as the administrator of the Mississippi

Windstorm Underwriting Association. The selected amount is based on budgeted amounts for MWUA for 2006, adjusted for the estimated portion of MWUA's policy count that consists of Dwelling risks.

The reinsurance expense is provided by the MWUA's reinsurance brokers and is shown for two distinct reinsurance programs. The left column shows expenses for the program into which the MWUA has already entered, with a binding date of 3/17/2006. This coverage provides coverage of $350 million in excess of a self-insured retention of $10 million per occurrence. It further provides one automatic reinstatement with no additional premium. It is structured and priced in different layers. Certain layers are not fully filled; therefore, the MWUA, in the absence of acquiring further subscribers, will retain some loss in these layers. Certain layers are priced on a flat-dollar basis and will not be adjusted for subsequent growth in the Pool. Other layers are based on presumed total insured value and will be adjusted for growth in the total insured value of the Pool above a pre-determined level. Because the current premium rate projection is based on the 12/31/2005 in-force portfolio of risks, all of these layers are treated in an identical manner in this analysis.

The reinsurance rate shown on Exhibit 5 is based on estimates of cost provided by MWUA's reinsurance brokers. It has been adjusted by a "segment relativity", derived in Exhibit 6, to account for the different relative expected catastrophic losses between dwelling, commercial, and mobile home risks. It has been assumed that each segment's relative contribution to the reinsurance expense is proportional to that segment's contribution to the gross hurricane pure premium, as determined by the catastrophe model.

Treatment of Anticipated Investment Income and Underwriting Profit Provision

The indicated premium rate as calculated in Exhibit 1 contains neither a target underwriting profit provision nor an offset for anticipated investment income.

The structure of MWUA is unique in the insurance industry in Mississippi. The Pool does not accumulate capital or surplus funds for the contingency of catastrophic losses. While surplus funds are, by law, earmarked for distribution to MWUA members as dividends, the MWUA Board has historically sought the highest levels of reinsurance coverage that could be afforded by the premium collected from the approved rates. Therefore, any return on surplus method would by definition yield indeterminate results.

Implicit in the indicated premium rate is, therefore, a target 0% underwriting profit. While an offset for investment income could be included, it should also be noted that no cost of capital considerations have been incorporated into the non-hurricane and retained hurricane loss projections. This may represent a departure from certain provisions of the Casualty Actuarial Society's "Statement of Principles Regarding Property & Casualty Ratemaking" and certain Actuarial Standards of Practice. It is emphasized that this departure is a direct result of the nature of this filing, the paramount purpose of which is to quantify the rates necessary to maintain a reinsurance program that will adequately protect the MWUA from catastrophic loss and thereby prevent the possible exodus of voluntary property insurance underwriters from the state. It is anticipated that this filing is the first of a series of filings that will incorporate actual changes in the reinsurance pricing and improvements and modifications to the catastrophe models. The absence of risk loads

or other actuarially-accepted cost-of-capital considerations in this filing is not intended to make any statement as to their appropriateness in the analysis of MWUA rates. Future filings may, and likely will, contain such considerations explicitly.

Exhibit 6 – Catastrophe Model Results

Major support for this analysis was provided by the modeling arm of CRC Insurance Services, also known as AmRisc. The catastrophe model employed was RiskLink version 5.0, based on an inventory of MWUA policies in-force as of 12/31/2005.

Model output was provided to BWR&B in several forms. An event loss table was provided, containing the mean gross loss (gross of all reinsurance provisions and net of applicable insurance policy provisions) and occurrence rate for each modeled event. Additionally, modeled pure premium was provided for each modeled location.

Exhibit 6 contains two calculations based on the modeled output. The top section contains a breakdown of modeled pure premium by segment (i.e., dwelling, commercial, and mobile home). Because these segments contain significantly-different risks, it is reasonable to expect a different level of modeled hurricane loss costs. Segment relativities, representing the ratio of each segment's pure premium to the pure premium for all segments combined, are calculated in column (4). These relativities are used to adjust both MWUA-retained hurricane losses (on the bottom section of Exhibit 6) and the reinsurance expense (on Exhibit 5).

The bottom half of Exhibit 6 shows the pure premium by layer and calculates the retained hurricane loss rate (per $100 total insured value), after adjustment by the segment relativity for dwelling. This calculation is performed for both the currently-purchased reinsurance structure, as well as the structure being discussed by the MWUA Board, which would provide coverage for a catastrophic loss approximately equal to that of Hurricane Katrina.

Once again, it is important to note the absence of any risk loads on the losses retained by the MWUA. The members of this Association are required by law to make up any operating deficits experienced by the Pool. Therefore, the MWUA members serve as de facto reinsurers to the business underwritten by the MWUA. Cost of capital is an important consideration to achieving an actuarially-sound estimate of the expected value of all future costs associated with an individual risk transfer, and is explicitly noted as such in the Casualty Actuarial Society's "Statement of Principles Regarding Property & Casualty Ratemaking". Based on the current market price of the highest reinsurance layer being considered by the MWUA, it could be reasonably argued that the cost to transfer the catastrophic exposure in excess of $600 million per occurrence to the open reinsurance markets would approximate $10 million. The current series of MWUA filings loads only expected losses in this layer, which total less than $500,000. Risk loads are also absent in the expected losses below the MWUA per-occurrence retention of $10 million and in those layers where reinsurer participation is less than 100%. To the degree that ignoring risk loads in these layers might be considered a departure from Actuarial Standard of Practice No. 30, its rationale lies in the stark reality of the magnitude of the requested rate change as currently constructed. Utilizing this procedure produces indicated rates that are lower than those that would be produced by strict adherence to the Standard, and the use of the resulting rates has the effect of creating an economic subsidy of the insureds by the MWUA member companies.

Actuarial Standard of Practice No. 38 -- Considerations

In June, 2000, the Actuarial Standards Board of the American Academy of Actuaries adopted Actuarial Standard of Practice No. 38, "Using Models Outside the Actuary's Area of Expertise (Property and Casualty)". This standard addresses, among other models, the use of catastrophe models in property insurance ratemaking. It imposes five requirements on the use of such models:

1. appropriate reliance on experts;
2. understanding of the model;
3. appropriateness of the model for the intended application;
4. appropriate validation; and,
5. appropriate use of the model.

Appropriate Reliance on Experts

As noted above, the catastrophe modeling arm of CRC Insurance Services, known as AmRisc, provided the catastrophe model output on which portions of this rate filing are based. AmRisc employs four engineers, four underwriters and nine modelers in supporting catastrophe reinsurance portfolios, and they have extensive experience with the model being employed in this analysis. Their expertise and experience in the field of catastrophe modeling supports the appropriateness of relying on the provided model output for the purposes of this filing.

The RiskLink model by Risk Management Solutions, Inc. (RMS) is an industry standard and is in use by a large number of insurance and risk management clients. Earlier versions of the model have been extensively reviewed and opined on by experts in catastrophe modeling, including the Florida

Commission on Hurricane Loss Projection Methodology ("the Florida Commission"). The version employed in this analysis is currently being reviewed by the Florida Commission.

While we are not aware of any explicit standards that apply to the use of catastrophe models in property ratemaking in the state of Mississippi, the Florida Commission is the de facto certifying body in that state and promulgates standards that must be met to allow the use of these models as actuarial support in rate filings. According to the Florida Commission, versions of the RiskLink model have been found acceptable to the Commission every year between 1997 and 2004. While this certification process sometimes requires RMS to produce "sub-versions" of their primary model, to meet state-specific requirements that do not translate to the product on a more general level, the main workings of the meteorological, engineering, and actuarial modules of the models are basically the same as those used in the models that support this filing.

Understanding of the Model

Model Components: Documentation concerning the workings of the catastrophe model, its input and output, was obtained and reviewed prior to and during the course of the preparation of this analysis. This review augmented the general level of knowledge gained through a dozen years of professional exposure to catastrophe models, as well as the education provided by the Casualty Actuarial Society through its examination process, literature, and continuing education offerings.

User Input: The required input to the catastrophe model was reviewed by the actuary before the models were run. Significant errors were found in the input data set that required further work by the MWUA's servicing carrier. Subsequently, reasonable and consistent input data sets were produced. The total insured value listed in the input data set agreed to within 0.04% with other data

provided to the actuary, separately, by the servicing carrier and the MWUA staff. A very small number of input records were missing data (such as address, city, or county information) that were required to allow use of the input in the model. These records, constituting 0.1% of the total insured value of the MWUA as of December 31, 2005, were ignored by the model.

Model Output: It was determined that the model output, which consisted of pure premium by insured location and by modeled event, was consistent with the intended use of the model in this analysis. A review of documentation of the model led to this conclusion. Additionally, reasonability checks were performed on the various output platforms provided, including the loss event table and the pure premium by location. Initial reasonability checks led to questions concerning the input parameters of the model which, in turn, led to re-runs of the model until consistency was reached and reasonability was established to the actuary's satisfaction.

Appropriateness of the Model for the Intended Application

Although the science of catastrophe model is in its relative infancy and is rapidly evolving, and although the use of multiple catastrophe models is considered by the actuary to be beneficial in establishing a range of indications that may be reviewed together, it is the actuary's opinion that the RiskLink model is appropriate for its intended use in this analysis, specifically the estimation of average annual tropical storm losses to be retained by the MWUA under its desired reinsurance structure.

Applicability of Historical Data: A wealth of historical data has been used in the creation of this and other catastrophe models. Recalibration to aspects of historical storm experience is constantly employed in the evolution of these models. While the adequacy of historical data is, by definition,

less than desired when compared to the 10,000 years or more of simulation often executed by the model itself, it is the best available indicator of future tropical cyclonic activity. The RiskLink model, when applied to the footprint of Hurricane Katrina across the MWUA book of business, initially projected a median expected loss of $346,904,701, with a 99th percentile estimated loss of $495,455,516; the current paid loss exceeds $600 million. Much work is being performed by RMS to reflect the most recent historical data available in improving the model going forward. This work is ongoing.

Developments in Relevant Fields: As mentioned above, RMS is currently working on a major recalibration of the RiskLink model, intended to incorporate the data from the very active 2004 and 2005 hurricane seasons. These efforts are expected to significantly increase expected loss estimates generated by the model. However, because these developments are currently underway, and will not be complete for at least several more months, they do not materially affect the current actuarial analysis, which is performed based on the best available data, methods, and models.

Appropriate Validation

User Input: Actuarial Standard of Practice No. 23, *Data Quality*, was reviewed. As described above, detailed oversight of the input data was maintained by the actuary, and deficiencies in the input data set were recognized and rectified before the catastrophe model was executed. All pertinent provisions of ASOP No. 23 were followed.

Model Output: The model output was examined for reasonableness. No alternate models or methods were available for comparison to the RiskLink model. Additionally, no historical observations were readily applicable to results produced by the model. Reasonability checks were performed on the relationships among available output results, as well as the relationship of output results from different options concerning model inputs.

Appropriate Use of the Model

After completion of the analysis described above, it was determined that the use of RiskLink results was appropriate for the analysis of MWUA rates.

Exhibit 7 – Current and Proposed Rates

Exhibit 7, Page 1 displays the currently-charged rates. Page 2 displays the rates proposed to be effective with the approval of this filing, accomplished by a flat increase across all current rates.

Mississippi Windstorm Underwriting Association
Extended Coverage (Wind Only) - Dwelling
Rate Analysis - Effective Date 7/1/2006

Calculation of Indicated Rate Change

			Based on Purchased Reinsurance		Based on Reinsurance to $600M
(1)	Estimated Non-Hurricane Loss & ALAE Rate:	$	0.018	$	0.018
(2)	Retained Hurricane Loss & ALAE:	$	0.148	$	0.114
(3)	Adjusted Loss & ALAE Rate:	$	0.166	$	0.132
(4)	Projected Exposure:	$	1,739,993,065	$	1,739,993,065
(5)	Projected Ultimate Net Loss:	$	2,895,357	$	2,291,426
(6)	Fixed Underwriting Expense:	$	1,013,474	$	1,013,474
(7)	Reinsurance Expense Rate:	$	2.041	$	2.604
(8)	Reinsurance Expense:	$	35,513,663	$	45,311,302
(9)	Projected Loss & Fixed Expense:	$	39,422,495	$	48,616,202
(10)	Variable Expense Ratio:		20.0%		20.0%
(11)	Projected Funding:	$	49,278,118	$	60,770,253
(12)	Indicated Premium Rate:	$	2.832	$	3.493
(13)	Current Premium Rate:	$	0.702	$	0.702
(14)	Indicated Premium Rate Change:		303.6%		397.8%

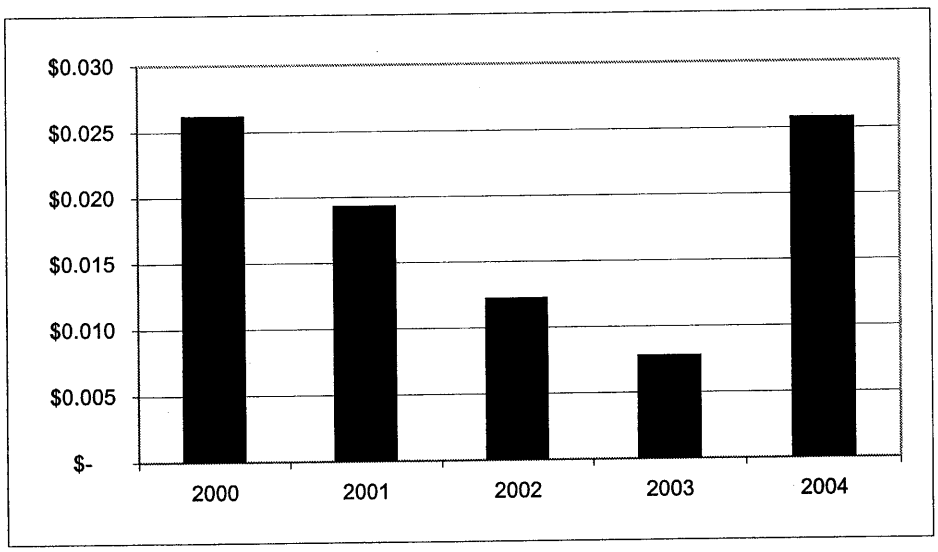
NOTES:

(1) from Exhibit 2, row (4)
(2) from Exhibit 6, row (14)
(3) = (1) + (2)
(4), (13) from an inventory of in-force policies as of 12/31/2005 (provided by AIG)
(5) = (3) x (4) / 100
(6), (7), (10) from Exhibit 5
(8) = (4) x (7) / 100
(9) = (5) + (6) + (8)
(11) = (9) / [1.0 - (10)]
(12) = 100 x (11) / (4)
(14) = (12) / (13) - 1.0

Mississippi Windstorm Underwriting Association
Extended Coverage (Wind Only) - Dwelling
Rate Analysis - Effective Date 7/1/2006

Calculation of Projected Non-Hurricane Loss Rate

	(1)	(2)		(3)
Policy Year	Adjusted Historical Exposure	Adjusted Non-Hurricane Loss & ALAE		Loss Rate
2000	991,796,742	259,039	$	0.026
2001	976,053,233	188,040	$	0.019
2002	1,190,253,559	144,616	$	0.012
2003	1,466,756,502	113,039	$	0.008
2004	1,699,760,859	437,187	$	0.026
Total	6,324,620,895	1,141,922	$	0.018
	(4)	Selected	$	0.018



NOTES:
(1) from Exhibit 3, Page 1, col. (4)
(2) from Exhibit 4, Page 1, col. (5)
(3) = (2) / [(1)/100]

Mississippi Windstorm Underwriting Association
Extended Coverage (Wind Only) - Dwelling
Rate Analysis - Effective Date 7/1/2006

Calculation of Adjusted Historical Exposure

Policy Year	(1) Total Insured Value	(2) Current Amount Factor	(3) Exposure Projection Factor	(4) Adjusted Historical Exposure
2000	723,363,078	1.212	1.131	991,796,742
2001	742,300,836	1.162	1.131	976,053,233
2002	967,501,614	1.087	1.131	1,190,253,559
2003	1,248,865,029	1.038	1.131	1,466,756,502
2004	1,502,520,288	1.000	1.131	1,699,760,859
Total	5,184,550,845			6,324,620,895

NOTES:
(1) provided by AIG
(2) from Exhibit 3, Page 2, col. (4)
(3) from Exhibit 3, Page 2, row (10)
(4) = (1) x (2) x (3)

Mississippi Windstorm Underwriting Association
Extended Coverage (Wind Only) - Dwelling
Rate Analysis - Effective Date 7/1/2006

Analysis of Exposure Trend

	(1)	(2)	(3)	(4)
Policy Year	Number of Policies	Total Insured Value	Average Exposure	Current Amount Factor *
2000	9,514	723,363,078	76,031	1.212
2001	9,259	742,300,836	80,171	1.162
2002	11,078	967,501,614	87,335	1.087
2003	13,458	1,248,865,029	92,797	1.038
2004	15,407	1,502,520,288	97,522	1.000

Exposure Trend Projection Factor
Exponential Regression:

(5)	Constant:	71,227
(6)	Slope:	0.0644
(7)	*Annual Trend:*	6.7%
(8)	*Policy Year 2004 Midpoint (Avg. Writing):*	7/1/2004
(9)	*Projection Period Midpoint (Avg. Writing):*	1/1/2007
(10)	*Tempered Projection Factor:*	1.131

*** Exposure trend is tempered by a factor of: 0.75**

NOTES:
(1), (2) provided by AIG
(3) = (2) / (1)
(4) = [(3), last row] / (3)
(5), (6) are best fit parameters for the logarithm of col. (3)
(7) = exp[(6)] -1
(10) = 1.0 + [0.75 x {(1.0 + (7)) ^ ((((9)-(8))/365)) - 1.0}]

Mississippi Windstorm Underwriting Association
Extended Coverage (Wind Only) - Dwelling
Rate Analysis - Effective Date 7/1/2006

Calculation of Adjusted Historical Non-Hurricane Losses

Policy Year	(1) Non-Hurricane Reported Loss & ALAE	(2) Loss Development Factor	(3) Current Amount Factor	(4) Loss Projection Factor	(5) Adjusted Historical Loss & ALAE
2000	233,678	1.003	1.064	1.039	259,039
2001	172,617	1.002	1.047	1.039	188,040
2002	134,095	1.004	1.034	1.039	144,616
2003	105,162	1.016	1.019	1.039	113,039
2004	395,707	1.064	1.000	1.039	437,187
Total	1,041,259				1,141,922

NOTES:
(1) provided by AIG
(2) based on *Best's Aggregates & Averages*
(3) from Exhibit 4, Page 3, col. (6)
(4) from Exhibit 4, Page 3, row (12)
(5) = (1) x (3) x (4)

Mississippi Windstorm Underwriting Association
Extended Coverage (Wind Only) - Dwelling
Rate Analysis - Effective Date 7/1/2006

Analysis of (Non-Hurricane) Loss Trend

Consumer Price Index - U.S. Department of Labor - Bureau of Labor Statistics

Housing — **Series ID: CUUR0000SAH**

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Pol Yr	PY2000
2000	166.0	167.1	167.8	167.9	168.1	169.6	170.6	170.9	171.4	171.7	171.6	171.9	173.0	100.0
2001	174.1	174.7	175.4	175.4	175.9	177.3	177.6	178.0	177.4	176.7	176.9	176.9	178.3	103.1
2002	177.6	178.5	179.1	179.5	179.7	180.7	181.2	181.7	181.5	181.4	181.2	181.1	182.5	105.5
2003	182.3	183.2	184.3	184.1	184.5	185.3	185.9	186.1	185.8	185.7	185.1	185.1	187.2	108.2
2004	186.3	187.0	187.9	188.4	188.9	190.3	190.9	191.2	191.0	191.0	190.8	190.7	192.6	111.4
2005	191.8	192.7	194.1	194.4	194.5	195.5	196.6	196.9	197.0	198.4	198.5	198.3		

Apparel — **Series ID: CUUR0000SAA**

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Pol Yr	PY2000
2000	126.8	129.2	132.5	133.3	132.2	128.3	124.5	125.3	130.4	132.8	131.8	127.8	128.4	100.0
2001	125.4	128.4	132.2	131.9	129.8	126.3	122.6	122.6	126.8	129.5	128.0	123.7	125.6	97.8
2002	120.4	123.5	128.2	128.8	127.1	122.7	118.7	120.5	124.6	126.8	125.5	121.5	122.5	95.4
2003	118.1	120.6	123.6	123.9	122.5	119.5	116.2	117.2	122.0	124.8	123.1	119.0	120.7	94.0
2004	115.8	118.6	123.5	124.3	123.4	120.1	115.9	116.5	121.2	124.1	123.0	118.8	120.0	93.4
2005	116.1	118.7	123.5	123.7	122.4	118.3	113.8	115.8	120.5	122.7	121.5	117.5		

Recreation — **Series ID: CUUR0000SAR**

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Pol Yr	PY2000
2000	102.3	102.5	102.9	102.9	103.1	103.4	103.7	103.9	103.8	103.8	103.7	103.7	104.1	100.0
2001	104.1	104.3	104.3	105.0	105.0	104.8	105.0	105.1	105.2	105.3	105.5	105.3	105.6	101.4
2002	105.7	105.9	106.1	106.5	106.4	106.2	106.2	106.3	106.2	106.4	106.4	106.5	106.9	102.7
2003	106.9	107.2	107.4	107.4	107.6	107.6	107.7	107.7	107.7	107.6	107.8	107.7	108.1	103.8
2004	107.9	108.4	108.8	109.0	108.8	108.9	108.7	108.5	108.6	108.7	108.7	108.5	109.0	104.7
2005	108.9	109.0	109.0	109.2	109.5	109.1	109.1	109.3	109.7	109.9	109.8	109.7		

Medical Care — **Series ID: CUUR0000SAM**

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Pol Yr	PY2000
2000	255.5	257.0	258.1	258.8	259.4	260.5	261.4	262.6	263.1	263.7	264.1	264.8	266.8	100.0
2001	267.1	268.9	270.0	270.8	271.4	272.5	273.1	274.4	275.0	275.9	276.7	277.3	279.2	104.7
2002	279.6	281.0	282.0	283.2	284.1	284.7	286.6	287.3	287.7	289.2	290.5	291.3	291.3	109.2
2003	292.6	293.7	294.2	294.6	295.5	296.3	297.6	298.4	299.2	299.9	300.8	302.1	303.6	113.8
2004	303.6	306.0	307.5	308.3	309.0	310.0	311.0	311.6	312.3	313.3	314.1	314.9	316.7	118.7
2005	316.8	319.3	320.7	321.5	322.2	322.9	324.1	323.9	324.6	326.2	328.1	328.4		

Mississippi Windstorm Underwriting Association
Extended Coverage (Wind Only) - Dwelling
Rate Analysis - Effective Date 7/1/2006

Analysis of Loss Trend

	(1)	(2)	(3)	(4)	(5)	(6)
	CPI Components					
Policy Year	*60%* **Housing**	*20%* **Apparel**	*20%* **Recreation**	*0%* **Medical**	**Composite**	**Current Amount Factor**
2000	100.0	100.0	100.0	100.0	100.0	1.064
2001	103.1	97.8	101.4	104.7	101.7	1.047
2002	105.5	95.4	102.7	109.2	102.9	1.034
2003	108.2	94.0	103.8	113.8	104.5	1.019
2004	111.4	93.4	104.7	118.7	106.4	1.000

Loss Trend Projection Factor
Exponential Regression:

(7)	Constant:	98.5
(8)	Slope:	0.0152
(9)	*Annual Trend:*	1.5%
(10)	*Policy Year 2004 Midpoint (Avg. Loss Date):*	12/31/2004
(11)	*Projection Period Midpoint (Avg. Loss Date):*	7/1/2007
(12)	*Loss Projection Factor:*	1.039

NOTES:
(1) through (4) from Exhibit 4, Page 2
(5) = weighted average of (1) through (4)
(6) = [(5), last row] / (5)
(7), (8) are best fit parameters for the logarithm of col. (5)
(9) = exp[(8)] -1
(12) = [1.0 + (9)] ^ [{(11) - (10)} / 365]

Mississippi Windstorm Underwriting Association
Extended Coverage (Wind Only) - Dwelling
Rate Analysis - Effective Date 7/1/2006

Analysis of Underwriting Expenses

Fixed Expenses

(1)	**Fixed Expenses - All Lines**	1,174,986
(2)	**Dwelling Percentage of Policy Count**	86.3%
(3)	**Fixed Expenses - Dwelling**	1,013,474

Variable Expenses

(4)	**Commission**	11.25%
(5)	**Service Fee**	8.75%
(6)	**Total Variable Expenses**	20.0%

Reinsurance Expense		***Purchased***	***Full Program***
(7)	**Estimated Total Reinsurance Expense**	43,043,508	54,918,508
(8)	**Total Insured Value (All Segments)**	2,061,079,000	2,061,079,000
(9)	**Estimated Blended Rate (All Segments)**	$ 2.088	$ 2.665
(10)	**Dwelling Segment Relativity**	0.977	0.977
(11)	**Estimated Dwelling Reinsurance Rate**	$ 2.041	$ 2.604

NOTES:

Expense information provided by MWUA & its reinsurance brokers
(9) = 100 x (7) / (8)
(10) from Exhibit 6, col. (4)

Mississippi Windstorm Underwriting Association
Extended Coverage (Wind Only) - Dwelling
Rate Analysis - Effective Date 7/1/2006

Exhibit 6

Catastrophe Model Results - RiskLink v 5.0

	(1)	(2)	(3)	(4)
Segment	**Gross Pure Premium**	**Total Insured Value**	**Hurricane Loss Cost**	**Segment Relativity**
Dwelling	5,480,005	1,444,098,674	$ 0.379	0.977
Commercial Fire	1,200,601	273,542,088	$ 0.439	1.130
Mobile Home	30,171	10,677,191	$ 0.283	0.728
Total	6,710,777	1,728,317,953	$ 0.388	

	(5)	(6)	(7)	(8)	(9)	(10)
					MWUA Pure Premium	
Layer	**Gross Pure Premium (All Segments)**	**MWUA Participation**	**MWUA Pure Premium (All Segments)**	**Segment Relativity**	**Purchased Re Program**	**Full Re Program**
$0 - $10M	1,147,190	100.0%	1,147,190	0.977	1,121,167	1,121,167
$10M - $30M	1,067,962	0.0%	0	0.977	0	0
$30M - $45M	517,874	10.0%	51,787	0.977	50,613	50,613
$45M - $65M	526,912	25.5%	134,363	0.977	131,315	131,315
$65M - $90M	506,560	15.0%	75,984	0.977	74,260	74,260
$90M - $100M	160,754	10.0%	16,075	0.977	15,711	15,711
$100M - $200M	1,029,340	0.0%	0	0.977	0	0
$200M - $350M	700,420	0.0%	0	0.977	0	0
$350M - $600M	579,369	100.0%	579,369	0.977	566,226	0
> $600M	471,448	100.0%	471,448	0.977	460,754	460,754
Total	6,707,830		2,476,216		2,420,045	1,853,819

(11)	**Model Input TIV:**	1,728,317,953	1,728,317,953
(12)	**Retained Hurricane Loss Rate:**	$ 0.140	$ 0.107
(13)	**ALAE Factor:**	1.059	1.059
(14)	**Loss & ALAE Rate:**	$ 0.148	$ 0.114

NOTES:

(1), (2), (5), (11) from Amrisc
(3) = 100 x (1) / (2)
(4) = (3) / [(3), total line]
(6) provided by CRC Insurance Services
(7) = (5) x (6)
(8) = (4) for Dwelling
(9) = (5) x (6) x (8)
(10) = col. (9), adjusted for full reinsurance coverage
(12) = 100 x [(9), total line] / (11)
(13) judgmentally selected by BWR&B, based on MWUA claims from Hurricane Katrina
(14) = (12) x (13)

Mississippi Windstorm Underwriting Association
Rates for Windstorm and Hail Insurance

Current Rates per $100 of Coverage
Dwelling (1-4 Family, All Protection Classes)
Effective Date: September 1, 2003

Frame Construction

Location	Deductible Amount * $500	$1,000	$2,500
North of Interstate 10	$ 0.688	$ 0.620	$ 0.584
Mainland South of Interstate 10	$ 0.792	$ 0.712	$ 0.673

Masonry Construction

Location	Deductible Amount * $500	$1,000	$2,500
North of Interstate 10	$ 0.656	$ 0.590	$ 0.558
Mainland South of Interstate 10	$ 0.754	$ 0.678	$ 0.641

Notes

* - for a named storm, the deductible is the larger of (a) 2% of the insured value, or (b) the otherwise-applicable deductible.

$1,000 deductible option only allowed for total insured value under $50,000

$2,500 deductible option only allowed for total insured value under $125,000

Mississippi Windstorm Underwriting Association
Rates for Windstorm and Hail Insurance

Proposed Rates per $100 of Coverage
Dwelling (1-4 Family, All Protection Classes)
Effective Date: July 1, 2006

Frame Construction

Location	Deductible Amount * $500	$1,000	$2,500
North of Interstate 10	$ 3.425	$ 3.086	$ 2.907
Mainland South of Interstate 10	$ 3.942	$ 3.544	$ 3.350

Masonry Construction

Location	Deductible Amount * $500	$1,000	$2,500
North of Interstate 10	$ 3.265	$ 2.937	$ 2.777
Mainland South of Interstate 10	$ 3.753	$ 3.375	$ 3.191

Notes

* - for a named storm, the deductible is the larger of (a) 2% of the insured value, or (b) the otherwise-applicable deductible.

$1,000 deductible option only allowed for total insured value under $50,000

$2,500 deductible option only allowed for total insured value under $125,000

Property & Casualty Transmittal Document (Revised 1/1/06)

1. Reserved for Insurance Dept. Use Only

2. Insurance Department Use only	
a. Date the filing is received:	
b. Analyst:	
c. Disposition:	
d. Date of disposition of the filing:	
e. Effective date of filing:	
New Business	
Renewal Business	
f. State Filing #:	
g. SERFF Filing #:	
h. Subject Codes	

3.	Group Name	Group NAIC #
	Mississippi Windstorm Underwriting Association	N/A

4.	Company Name(s)	Domicile	NAIC #	FEIN #
	Mississippi Windstorm Underwriting Assoc.	MS	N/A	N/A

5.	Company Tracking Number	MWUA NO. 1 - 2006

Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Mr. Albert G. Parks MS Ins. Rating Bureau	Manager	(601)981-2915	(601)981-2924	
	P.O. Box 5231 Jackson, MS 39296-5231				
7.	Signature of authorized filer		Albert G. Parks		
8.	Please print name of authorized filer		Albert G. Parks		

Filing information (see General Instructions for descriptions of these fields)

9.	**Type of Insurance (TOI)**	01.0 Property			
10.	**Sub-Type of Insurance (Sub-TOI)**	01.0001 Commercial Property (Fire and Allied Lines)			
11.	**State Specific Product code(s)(if applicable)[See State Specific Requirements]**				
12.	**Company Program Title** (Marketing title)				
13.	**Filing Type**	[**X**] Rate/Loss Cost [ ] Rules [ ] Rates/Rules [ ] Forms [ ] Combination Rates/Rules/Forms [ ] Withdrawal[ ] Other (give description)			
14.	**Effective Date(s) Requested**	New:	7/1/2006	Renewal:	7/1/2006
15.	**Reference Filing?**	[ ] Yes [**X**] No			
16.	**Reference Organization** (if applicable)				
17.	**Reference Organization # & Title**				
18.	**Company's Date of Filing**	April 28, 2006			
19.	**Status of filing in domicile**	[ ] Not Filed [ ] Pending [ ] Authorized [ ] Disapproved			

Property & Casualty Transmittal Document—

20.	This filing transmittal is part of Company Tracking #	MWUA NO. 1 - 2006

21.	Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]

The Mississippi Windstorm Underwriting Association (MWUA) requests a uniform upward revision of all Commercial rates of 268.3%, as set forth and explained in the Actuarial Memorandum contained in the filing.

22.	Filing Fees (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]

Check #: 17448
Amount: $15.00

Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.

*****Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**

Effective January 1, 2006

FORM FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes forms)

(Do not refer to the body of the filing for the forms listing, unless allowed by state.)

1.	**This filing transmittal is part of Company Tracking #**	MWUA NO. 1 - 2006
2.	**This filing corresponds to rate/rule filing number** (Company tracking number of rate/rule filing, if applicable)	

3.	Form Name /Description/Synopsis	Form # Include edition date	Replacement Or withdrawn?	If replacement, give form # it replaces	Previous state filing number, if required by state
01			[ ] New [ ] Replacement [ ] Withdrawn		
02			[ ] New [ ] Replacement [ ] Withdrawn		
03			[ ] New [ ] Replacement [ ] Withdrawn		
04			[ ] New [ ] Replacement [ ] Withdrawn		
05			[ ] New [ ] Replacement [ ] Withdrawn		
06			[ ] New [ ] Replacement [ ] Withdrawn		
07			[ ] New [ ] Replacement [ ] Withdrawn		
08			[ ] New [ ] Replacement [ ] Withdrawn		
09			[ ] New [ ] Replacement [ ] Withdrawn		
10			[ ] New [ ] Replacement [ ] Withdrawn		

PC FFS-1

RATE/RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)

1.	**This filing transmittal is part of Company Tracking #**	MWUA NO. 1- 2006
2.	**This filing corresponds to form filing number** (Company tracking number of form filing, if applicable)	

☒ Rate Increase ☐ Rate Decrease ☐ Rate Neutral (0%)

3.	**Filing Method (Prior Approval, File & Use, Flex Band, etc.)**	Prior Approval

4a. Rate Change by Company (As Proposed)

Company Name	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)
MWUA	+268.3%	7,783,023	1,915	2,900,866	+268.3%	+268.3%

4b. Rate Change by Company (As Accepted) For State Use Only

Company Name	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change	Minimum % Change

5. Overall Rate Information (Complete for Multiple Company Filings only)

		COMPANY USE	STATE USE
5a	**Overall percentage rate impact for this filing**		
5b	**Effect of Rate Filing – Written premium change for this program**		
5c	**Effect of Rate Filing – Number of policyholders affected**		

6.	**Overall percentage of last rate revision**	+10.0%
7.	**Effective Date of last rate revision**	10/1/1998
8.	**Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)**	Prior Approval

9.	Rule # or Page # Submitted for Review	Replacement or withdrawn?	Previous state filing number, if required by state
01		[ ] New [ ] Replacement [ ] Withdrawn	
02		[ ] New [ ] Replacement [ ] Withdrawn	
03		[ ] New [ ] Replacement [ ] Withdrawn	

MISSISSIPPI RATEMAKING WORKSHEET

1. What is the largest and smallest cumulative effect of all changes being made in this filing on any individual class of insured?

☐ **Largest (+/-)** + 268.3%
☐ **Smallest (+/-)** + 268.3%

2. What percentage of insureds will receive an increase of **25%** or more? Describe the main contributors to increases above **25%**.

   All Commercial policyholders will receive a 268.3% increase, brought about by an across-the-board flat increase of the base rates.

3. Provide an **actuarial memorandum** on your rate-making methodology. This memorandum, including all applicable **exhibits** as shown below, must follow the **Mississippi Cover Sheet**. The memorandum must include the following:

☐ Description of all changes being made in the filing.

☐ **Exhibit A.** Summary of the overall changes and changes by territory, limits, protection class, etc.

☐ **Exhibit B.** This exhibit is not required for **new** business. Five years of Mississippi and Countrywide experience for the line of business to which the filing pertains. The data source is statutory Page 14.

☐ **Exhibit C.** Three years of underwriting expense and loss adjustment expense. The data source is the Insurance Expense Exhibit.

☐ **Exhibit D.** This exhibit would show the derivation of the profit/contingency factor.

☐ **Exhibit E.** Provide if appropriate to filing. Loss development data, including selected development factors.

☐ **Exhibit F.** Provide if appropriate to filing. Explanation of trending procedures and support for the selected trend factors.

☐ Any other **exhibits** deemed necessary to support the requested rate change. These could include:

- ☐ Support for credibility.
- ☐ Explanation of any adjustment for large or catastrophic losses.
- ☐ Explanation of models used for earthquake, hurricanes or any other exposure where modeling was used. If modeling is used, include a summary of the changes in the coverages/exposures for which the model is used.

Exhibits A, C, and D are required on all filings, including adoption of rate service organization loss costs.

MISSISSIPPI DEPARTMENT OF INSURANCE
PROPERTY & CASUALTY RATE FILING EXHIBITS

EXHIBIT A - STATEWIDE AVERAGE RATE LEVEL INFORMATION

COMPLETE THE FOLLOWING EXHIBIT ON A STATEWIDE, ALL CLASSES COMBINED, BASIS.

(A) COVERAGE/FORM	(B) LATEST YEAR DIRECT WRITTEN PREMIUMS	(C) PROPOSED CHANGE DUE TO OVERALL EXPERIENCE	(D) PROPOSED CHANGE DUE TO OTHER FACTORS*	(E) PROPOSED RATE LEVEL CHANGE PERCENT [(C) x (D)] - 1
Commercial	2,900,866	0%	268.3%	268.3%
TOTAL STATEWIDE AVERAGE RATE CHANGE	**********	**********	**********	268.3%

*Examples could be loss cost modifier, territorial changes, relativity changes, increased limit factors.

Attach additional Exhibit C pages as needed.

Ed. 1/2000

MISSISSIPPI DEPARTMENT OF INSURANCE
PROPERTY & CASUALTY RATE FILING EXHIBITS

EXHIBIT B - HISTORICAL EXPERIENCE

PLEASE PROVIDE THE FOLLOWING INFORMATION ON A CALENDAR YEAR BASIS.

COVERAGE/FORM: Windstorm & Hail (All Segments)

MISSISSIPPI					
YEAR	(A) DIRECT PREMIUMS WRITTEN	(B) DIRECT PREMIUMS EARNED	(C) DIRECT LOSSES & ALAE PAID	(D) DIRECT LOSSES & ALAE INCURRED	(E) INCURRED LOSS & ALAE RATIO (D) / (B)
2000	6,296,583	6,125,011	311,132	246,949	4.0%
2001	5,817,653	5,902,434	388,310	381,575	6.5%
2002	8,626,556	6,994,729	530,187	770,983	11.0%
2003	10,449,707	9,268,971	1,029,483	738,036	8.0%
2004	12,781,201	11,564,448	3,614,362	3,828,556	33.1%

COUNTRYWIDE					
YEAR	(A) DIRECT PREMIUMS WRITTEN	(B) DIRECT PREMIUMS EARNED	(C) DIRECT LOSSES & ALAE PAID	(D) DIRECT LOSSES & ALAE INCURRED	(E) INCURRED LOSS & ALAE RATIO (D) / (B)
2000	6,296,583	6,125,011	311,132	246,949	4.0%
2001	5,817,653	5,902,434	388,310	381,575	6.5%
2002	8,626,556	6,994,729	530,187	770,983	11.0%
2003	10,449,707	9,268,971	1,029,483	738,036	8.0%
2004	12,781,201	11,564,448	3,614,362	3,828,556	33.1%

Attach additional Exhibit B pages as needed.

MISSISSIPPI DEPARTMENT OF INSURANCE
PROPERTY & CASUALTY RATE FILING EXHIBITS

EXHIBIT C – EXPENSE INFORMATION

Coverage/Form: Windstorm & Hail (All Segments)

UNDERWRITING EXPENSES AS PERCENTS OF DIRECT PREMIUMS WRITTEN

MS (ANNUAL STATEMENT PAGE 14)

	2002		2003		2004		
	AMOUNT (000)	PERCENT	AMOUNT (000)	PERCENT	AMOUNT (000)	PERCENT	MEAN PERCENT
1. PREMIUMS WRITTEN	$8,627	----	$10,450	----	$12,781	----	----
2. COMMISSION & BROKERAGE EXPENSES INCURRED	$928	10.8%	$1,211	11.6%	$1,520	11.9%	11.4%
3. TAXES, LICENSES & FEES INCURRED	$0	0.0%	$0	0.0%	$0	0.0%	0.0%

COUNTRYWIDE (IEE, PART III)

4. PREMIUMS WRITTEN	$8,627	----	$10,450	----	$12,781	----	----
5. COMMISSION & BROKERAGE EXPENSES INCURRED	$928	10.8%	$1,211	11.6%	$1,520	11.9%	11.4%
6. OTHER ACQUISITION EXPENSES INCURRED	$756	8.8%	$911	8.7%	$1,118	8.8%	8.7%
7. GENERAL EXPENSES INCURRED	$472	5.5%	$542	5.2%	$626	4.9%	5.2%

LOSS ADJUSTMENT EXPENSES AS PERCENTS OF DIRECT LOSSES INCURRED

MS (ANNUAL STATEMENT PAGE 14)

8. LOSSES INCURRED	$456	----	$693	----	$3,337	----	----
9. ALLOCATED LAE INCURRED	$315	69.0%	$45	6.5%	$492	14.7%	30.1%

COUNTRYWIDE (IEE, PART III)

10. LOSSES INCURRED	$456	----	$693	----	$3,337	----	----
11. ALLOCATED LAE INCURRED	$315	69.0%	$45	6.5%	$492	14.7%	30.1%
12. UNALLOCATED LAE INCURRED	$0	0.0%	$0	0.0%	$0	0.0%	0.0%

Attach additional Exhibit C (Part 1) pages as needed.

EXHIBIT C – EXPENSE INFORMATION (PAGE 2)

COVERAGE/FORM: Windstorm & Hail (All Segments)

EXPENSE PROVISIONS UNDERLYING YOUR PROPOSED RATES, AS A PERCENT OF PREMIUM	
13. COMMISSION & BROKERAGE EXPENSES INCURRED	11.25%
14. OTHER ACQUISITION EXPENSES INCURRED	8.75%
15. GENERAL EXPENSES INCURRED	1.62%
16. TAXES, LICENSES & FEES INCURRED	0.00%
17. PROFIT & CONTINGENCIES	0.00%
18. TOTAL EXPENSES & PROFIT (SUM OF LINES 13 THROUGH 17)	21.62%
19. PERMISSIBLE LOSS & LAE RATIO (1 – LINE 18)	78.38%

LOSS ADJUSTMENT EXPENSE PROVISIONS UNDERLYING YOUR PROPOSED RATES, AS A PERCENT OF LOSSES	
20. ALLOCATED LAE	N/A
21. UNALLOCATED LAE	N/A
22. TOTAL LAE (SUM OF LINES 20 – 21)	N/A

Attach additional Exhibit C (part 2) pages as needed.

MISSISSIPPI DEPARTMENT OF INSURANCE
PROPERTY & CASUALTY RATE FILING EXHIBITS

EXHIBIT D - INVESTMENT INCOME / PROFIT & CONTINGENCY

Please see the actuarial memorandum for discussion of investment income and underwriting profit.

ACTUARIAL MEMORANDUM

Mississippi Windstorm Underwriting Association
Line of Business: Commercial
Proposed Effective Date: July 1, 2006

The Mississippi Windstorm Underwriting Association (MWUA) is filing with the Mississippi Insurance Department (MID) a request to change MWUA rates for Commercial policies. This request has a proposed effective date of July 1, 2006.

The Board of Directors of MWUA has voted to petition MID for a flat rate increase of **268.3%** for all Commercial policies. Actuarial justification for this proposed change is enclosed in the form of an actuarial rate analysis, and a description of that analysis is contained in this actuarial memorandum.

Bickerstaff, Whatley, Ryan & Burkhalter, Inc. (BWR&B) has been engaged by the Board of Directors of MWUA to produce the analysis and memorandum in support of this rate filing. BWR&B has no affiliation with MWUA, other than in its capacity as MWUA's independent actuarial consulting firm.

Exhibit 1 - Indicated Rate Change

Exhibit 1 displays the calculation of the indicated premium change for the projection period, which is the twelve-month policy year beginning on the effective date of July 1, 2006. A pure premium approach is used to determine the indicated change. The indicated premium rate, which equals the

indicated premium per $100 of total insured value covered by MWUA, is built from the ground up on Exhibit 1. Two different reinsurance structures form the basis of the rate indication calculation. The left column is based on reinsurance actually purchased by MWUA with an effective date of 3/17/2006, with a one-year term. The right column shows the calculation of the indicated rate supporting a reinsurance structure that would cover a loss that approximately equaled the size of Hurricane Katrina in August, 2005. The MWUA Board is currently discussing this additional reinsurance coverage with its brokers.

The first constituent portion of the indicated premium rate is the portion expected from non-hurricane loss and allocated loss adjustment expenses (ALAE). The estimated rate is shown on row (1) and derived in Exhibit 2.

Row (2) shows the portion of hurricane losses estimated to be retained by MWUA under its proposed reinsurance structure. The MWUA has purchased reinsurance under which it will retain all losses for any occurrence up to $10 million, and all losses exceeding $350 million per occurrence. The loss rate shown on row (2) was generated by the use of an industry-standard catastrophe model, described in more detail later in this memorandum. Row (3) is the sum of non-hurricane losses and hurricane losses expected to be retained by MWUA.

Row (4) contains the total insured value expected to be covered in the projection period, for all policies with an effective date within one year of the effective date of this filing. The catastrophic effect of Hurricane Katrina introduces an extreme complication into this projected number. It is believed that the actual exposure of MWUA has dropped since August because of the extensive damage that the hurricane caused. However, as reinsurance and primary insurance markets

inevitably constrict in the wake of such a catastrophic storm season, the residual markets are expected to grow significantly in size. Quantification of this expected growth is, at this time, impossible. This analysis uses the inventory of in-force policies as of December 31, 2005 as a starting point from which to make projections. While this inventory is admittedly not perfect, it is the most accessible and verifiable group with which to work. The total insured value for the commercial segment as of 12/31/2005 is adjusted upward to reflect the actual overall percentage growth of the Pool's total insured value between 12/31/2005 and 3/31/2006. Row (5) is the projected ultimate net loss (and ALAE) for MWUA, based on the product of rows (3) and (4).

Rows (6) through (10) show the application of MWUA underwriting expenses, which is accomplished in three steps. The expenses are derived in Exhibit 5 and are described in greater detail below.

The total projected funding for the projection period is shown on row (11), giving rise to the indicated premium rate for the projection period on row (12). The current average premium rate, based on the in-force Commercial policy inventory as of 12/31/2005, is shown on row (13). The indicated premium rate change, shown on row (14), is calculated as the ratio of rows (12) and (13), minus unity.

Exhibit 2 – Calculation of Projected Non-Hurricane Loss & ALAE Rate

Exhibit 2 shows the calculation of the projected non-hurricane loss & ALAE rate, which is carried forward to row (1) of Exhibit 1. This projection is based on historical exposure and historical non-hurricane losses for the latest completed five policy years, developed to ultimate levels and trended forward to the projection period.

Column (1) of Exhibit 2 shows the adjusted historical exposure for the latest five completed policy years. These figures are calculated in Exhibit 3, described below. Column (2) shows the adjusted historical non-hurricane losses, which are calculated in Exhibit 4 and described below.

Exhibit 3 – Calculation of Adjusted Historical Exposure

The pure premium method of ratemaking relies heavily on an exposure base that is predictive of the general level of expected losses. For this analysis, the total insured value, for building and contents coverages, is used as that exposure base. Total insured value is an exposure statistic that is inflation-sensitive. Additionally, changes in the exposure base, such as the percentage of Commercial risks at various coinsurance percentages, can distort the indicated rate for the projection period. Therefore, certain adjustments should be made to the historical exposure to ensure its proper use in the ratemaking calculation. These adjustments are contained in Exhibit 3.

Page 2 of Exhibit 3 shows the calculation of "Current Amount Factors" and "Exposure Projection Factors". Current Amount Factors serve to adjust historical exposures to the average cost level of the most recent policy year in the experience period. This is done by comparing the average total

insured value for each policy year in the experience period. This comparison implicitly includes any shift in the exposure profile over the experience period.

The Exposure Projection Factor adjusts exposures to the midpoint (average date of policy writing) of the projection period. A simplifying assumption underlying this calculation is that policies are generally written evenly throughout the year. After reviewing the best fit of an exponential curve to the average total insured value per policy, an annual trend figure is selected, and from that trend, the Exposure Projection Factor is calculated.

On Page 1 of Exhibit 3, the Current Amount Factors and Exposure Projection Factor are applied to the historical exposure, and the resulting figures are brought forward to Exhibit 2 for use in the calculation of the projected non-hurricane loss rate.

Exhibit 4 – Calculation of Adjusted Historical Non-Hurricane Losses

The portion of the indicated average premium rate attributable to non-hurricane losses is projected using five policy years of historical losses, actuarially-adjusted for differences between the experience period and the projection period.

The first adjustment is the development of policy year losses to ultimate. The reported losses (and ALAE) are evaluated as of 12/31/2005 and are shown in Column (1) of Exhibit 4, Page 1. Loss development factors, designed to bring these reported losses to an ultimate level, are applied in Column (2). They are based on accident year factors appearing in Best's *Aggregates & Averages* in the

Homeowners line of business. These factors are adjusted for proper application to policy year losses.

Next, historical losses must be adjusted to reflect the general cost level during the projection period. As with the adjustment to historical exposure, this is done in two parts. The "Current Amount Factor" adjusts historical losses to the cost level of the latest policy year. The "Loss Projection Factor" adjusts those losses further to the average exposure date of the projection period. Both factors are derived on Exhibit 4, Page 3 and are based on a mixture of various components of the Consumer Price Index (CPI), as published by the Department of Commerce Bureau of Labor Statistics. The mixture of components used is that typically used in Homeowners analyses and is identical to the combination used in the MWUA Dwelling rate filing. While adjustments to this mixture might be appropriate, we believe the effect on the overall indicated premium rate would be immaterial and have used the Dwelling weights without adjustment.

Exhibit 5 – Underwriting Expenses and Profit Load

Exhibit 5 displays the derivation of expense figures used in the rate indication. Expenses are split into three classifications.

Variable expenses are a percentage of written premium and include commissions and policy writing fees paid to the servicing carrier. These fees cover the costs of the servicing carrier's unallocated loss adjustment expense, as well as the miscellaneous expenses associated with the issuance and servicing of insurance policies. The selected percentages are based on the contractual provisions of the service agreement for the service fee, and an average of new and renewal commission

percentages. If the Pool experiences rapid growth, the actual commission expense may exceed this level, though the impact of this potential difference on the currently-calculated indicated rate is considered to be minimal.

The fixed expenses are expressed as a flat dollar amount and include salaries and other expenses of employees of the Mississippi Rating Bureau, which acts as the administrator of the Mississippi Windstorm Underwriting Association. The selected amount is based on budgeted amounts for MWUA for 2006, adjusted for the estimated portion of MWUA's policy count that consists of Commercial risks.

The reinsurance expense is provided by the MWUA's reinsurance brokers and is shown for two distinct reinsurance programs. The left column shows expenses for the program into which the MWUA has already entered, with a binding date of 3/17/2006. This coverage provides coverage of $350 million in excess of a self-insured retention of $10 million per occurrence. It further provides one automatic reinstatement with no additional premium. It is structured and priced in different layers. Certain layers are not fully filled; therefore, the MWUA, in the absence of acquiring further subscribers, will retain some loss in these layers. Certain layers are priced on a flat-dollar basis and will not be adjusted for subsequent growth in the Pool. Other layers are based on presumed total insured value and will be adjusted for growth in the total insured value of the Pool above a pre-determined level. Because the current premium rate projection is based on the 12/31/2005 in-force portfolio of risks, all of these layers are treated in an identical manner in this analysis.

The reinsurance rate shown on Exhibit 5 is based on estimates of cost provided by MWUA's reinsurance brokers. It has been adjusted by a "segment relativity", derived in Exhibit 6, to account for the different relative expected catastrophic losses between dwelling, commercial, and mobile

home risks. It has been assumed that each segment's relative contribution to the reinsurance expense is proportional to that segment's contribution to the gross hurricane pure premium, as determined by the catastrophe model.

Treatment of Anticipated Investment Income and Underwriting Profit Provision

The indicated premium rate as calculated in Exhibit 1 contains neither a target underwriting profit provision nor an offset for anticipated investment income.

The structure of MWUA is unique in the insurance industry in Mississippi. The Pool does not accumulate capital or surplus funds for the contingency of catastrophic losses. While surplus funds are, by law, earmarked for distribution to MWUA members as dividends, the MWUA Board has historically sought the highest levels of reinsurance coverage that could be afforded by the premium collected from the approved rates. Therefore, any return on surplus method would by definition yield indeterminate results.

Implicit in the indicated premium rate is, therefore, a target 0% underwriting profit. While an offset for investment income could be included, it should also be noted that no cost of capital considerations have been incorporated into the non-hurricane and retained hurricane loss projections. This may represent a departure from certain provisions of the Casualty Actuarial Society's "Statement of Principles Regarding Property & Casualty Ratemaking" and certain Actuarial Standards of Practice. It is emphasized that this departure is a direct result of the nature of this filing, the paramount purpose of which is to quantify the rates necessary to maintain a reinsurance program that will adequately protect the MWUA from catastrophic loss and thereby prevent the

possible exodus of voluntary property insurance underwriters from the state. It is anticipated that this filing is the first of a series of filings that will incorporate actual changes in the reinsurance pricing and improvements and modifications to the catastrophe models. The absence of risk loads or other actuarially-accepted cost-of-capital considerations in this filing is not intended to make any statement as to their appropriateness in the analysis of MWUA rates. Future filings may, and likely will, contain such considerations explicitly.

Exhibit 6 – Catastrophe Model Results

Major support for this analysis was provided by the modeling arm of CRC Insurance Services, also known as AmRisc. The catastrophe model employed was RiskLink version 5.0, based on an inventory of MWUA policies in-force as of 12/31/2005.

Model output was provided to BWR&B in several forms. An event loss table was provided, containing the mean gross loss (gross of all reinsurance provisions and net of applicable insurance policy provisions) and occurrence rate for each modeled event. Additionally, modeled pure premium was provided for each modeled location.

Exhibit 6 contains two calculations based on the modeled output. The top section contains a breakdown of modeled pure premium by segment (i.e., dwelling, commercial, and mobile home). Because these segments contain significantly-different risks, it is reasonable to expect a different level of modeled hurricane loss costs. Segment relativities, representing the ratio of each segment's pure premium to the pure premium for all segments combined, are calculated in column (4). These

relativities are used to adjust both MWUA-retained hurricane losses (on the bottom section of Exhibit 6) and the reinsurance expense (on Exhibit 5).

The bottom half of Exhibit 6 shows the pure premium by layer and calculates the retained hurricane loss rate (per $100 total insured value), after adjustment by the segment relativity for Commercial. This calculation is performed for both the currently-purchased reinsurance structure, as well as the structure being discussed by the MWUA Board, which would provide coverage for a catastrophic loss approximately equal to that of Hurricane Katrina.

Once again, it is important to note the absence of any risk loads on the losses retained by the MWUA. The members of this Association are required by law to make up any operating deficits experienced by the Pool. Therefore, the MWUA members serve as de facto reinsurers to the business underwritten by the MWUA. Cost of capital is an important consideration to achieving an actuarially-sound estimate of the expected value of all future costs associated with an individual risk transfer, and is explicitly noted as such in the Casualty Actuarial Society's "Statement of Principles Regarding Property & Casualty Ratemaking". Based on the current market price of the highest reinsurance layer being considered by the MWUA, it could be reasonably argued that the cost to transfer the catastrophic exposure in excess of $600 million per occurrence to the open reinsurance markets would approximate $10 million. The current series of MWUA filings loads only expected losses in this layer, which total less than $500,000. Risk loads are also absent in the expected losses below the MWUA per-occurrence retention of $10 million and in those layers where reinsurer participation is less than 100%. To the degree that ignoring risk loads in these layers might be considered a departure from Actuarial Standard of Practice No. 30, its rationale lies in the stark reality of the magnitude of the requested rate change as currently constructed. Utilizing this

procedure produces indicated rates that are lower than those that would be produced by strict adherence to the Standard, and the use of the resulting rates has the effect of creating an economic subsidy of the insureds by the MWUA member companies.

Actuarial Standard of Practice No. 38 -- Considerations

In June, 2000, the Actuarial Standards Board of the American Academy of Actuaries adopted Actuarial Standard of Practice No. 38, "Using Models Outside the Actuary's Area of Expertise (Property and Casualty)". This standard addresses, among other models, the use of catastrophe models in property insurance ratemaking. It imposes five requirements on the use of such models:

1. appropriate reliance on experts;
2. understanding of the model;
3. appropriateness of the model for the intended application;
4. appropriate validation; and,
5. appropriate use of the model.

Appropriate Reliance on Experts

As noted above, the catastrophe modeling arm of CRC Insurance Services, known as AmRisc, provided the catastrophe model output on which portions of this rate filing are based. AmRisc employs four engineers, four underwriters and nine modelers in supporting catastrophe reinsurance portfolios, and they have extensive experience with the model being employed in this analysis. Their expertise and experience in the field of catastrophe modeling supports the appropriateness of relying on the provided model output for the purposes of this filing.

The RiskLink model by Risk Management Solutions, Inc. (RMS) is an industry standard and is in use by a large number of insurance and risk management clients. Earlier versions of the model have been extensively reviewed and opined on by experts in catastrophe modeling, including the Florida Commission on Hurricane Loss Projection Methodology ("the Florida Commission"). The version employed in this analysis is currently being reviewed by the Florida Commission.

While we are not aware of any explicit standards that apply to the use of catastrophe models in property ratemaking in the state of Mississippi, the Florida Commission is the de facto certifying body in that state and promulgates standards that must be met to allow the use of these models as actuarial support in rate filings. According to the Florida Commission, versions of the RiskLink model have been found acceptable to the Commission every year between 1997 and 2004. While this certification process sometimes requires RMS to produce "sub-versions" of their primary model, to meet state-specific requirements that do not translate to the product on a more general level, the main workings of the meteorological, engineering, and actuarial modules of the models are basically the same as those used in the models that support this filing.

Understanding of the Model

Model Components: Documentation concerning the workings of the catastrophe model, its input and output, was obtained and reviewed prior to and during the course of the preparation of this analysis. This review augmented the general level of knowledge gained through a dozen years of professional exposure to catastrophe models, as well as the education provided by the Casualty Actuarial Society through its examination process, literature, and continuing education offerings.

User Input: The required input to the catastrophe model was reviewed by the actuary before the models were run. Significant errors were found in the input data set that required further work by the MWUA's servicing carrier. Subsequently, reasonable and consistent input data sets were produced. The total insured value listed in the input data set agreed to within 0.04% with other data provided to the actuary, separately, by the servicing carrier and the MWUA staff. A very small number of input records were missing data (such as address, city, or county information) that were required to allow use of the input in the model. These records, constituting 0.1% of the total insured value of the MWUA as of December 31, 2005, were ignored by the model.

Model Output: It was determined that the model output, which consisted of pure premium by insured location and by modeled event, was consistent with the intended use of the model in this analysis. A review of documentation of the model led to this conclusion. Additionally, reasonability checks were performed on the various output platforms provided, including the loss event table and the pure premium by location. Initial reasonability checks led to questions concerning the input parameters of the model which, in turn, led to re-runs of the model until consistency was reached and reasonability was established to the actuary's satisfaction.

Appropriateness of the Model for the Intended Application

Although the science of catastrophe model is in its relative infancy and is rapidly evolving, and although the use of multiple catastrophe models is considered by the actuary to be beneficial in establishing a range of indications that may be reviewed together, it is the actuary's opinion that the RiskLink model is appropriate for its intended use in this analysis, specifically the estimation of average annual tropical storm losses to be retained by the MWUA under its desired reinsurance structure.

Applicability of Historical Data: A wealth of historical data has been used in the creation of this and other catastrophe models. Recalibration to aspects of historical storm experience is constantly employed in the evolution of these models. While the adequacy of historical data is, by definition, less than desired when compared to the 10,000 years or more of simulation often executed by the model itself, it is the best available indicator of future tropical cyclonic activity. The RiskLink model, when applied to the footprint of Hurricane Katrina across the MWUA book of business, initially projected a median expected loss of $346,904,701, with a 99th percentile estimated loss of $495,455,516; the current paid loss exceeds $600 million. Much work is being performed by RMS to reflect the most recent historical data available in improving the model going forward. This work is ongoing.

Developments in Relevant Fields: As mentioned above, RMS is currently working on a major recalibration of the RiskLink model, intended to incorporate the data from the very active 2004 and 2005 hurricane seasons. These efforts are expected to significantly increase expected loss estimates generated by the model. However, because these developments are currently underway, and will not be complete for at least several more months, they do not materially affect the current actuarial analysis, which is performed based on the best available data, methods, and models.

Appropriate Validation

User Input: Actuarial Standard of Practice No. 23, *Data Quality*, was reviewed. As described above, detailed oversight of the input data was maintained by the actuary, and deficiencies in the input data set were recognized and rectified before the catastrophe model was executed. All pertinent provisions of ASOP No. 23 were followed.

Model Output: The model output was examined for reasonableness. No alternate models or methods were available for comparison to the RiskLink model. Additionally, no historical observations were readily applicable to results produced by the model. Reasonability checks were performed on the relationships among available output results, as well as the relationship of output results from different options concerning model inputs.

Appropriate Use of the Model

After completion of the analysis described above, it was determined that the use of RiskLink results was appropriate for the analysis of MWUA rates.

Exhibit 7 – Current and Proposed Rates

Exhibit 7, Page 1 displays the currently-charged rates. Page 2 displays the rates proposed to be effective with the approval of this filing, accomplished by a flat increase across all current rates.

Mississippi Windstorm Underwriting Association
Extended Coverage (Wind Only) - Commercial
Rate Analysis - Effective Date 7/1/2006

Exhibit 1

Calculation of Indicated Rate Change

			Based on Purchased Reinsurance		Based on Reinsurance to $600M
(1)	**Estimated Non-Hurricane Loss & ALAE Rate:**	$	0.027	$	0.027
(2)	**Retained Hurricane Loss & ALAE:**	$	0.172	$	0.131
(3)	**Adjusted Loss & ALAE Rate:**	$	0.199	$	0.159
(4)	**Projected Exposure:**	$	307,369,572	$	307,369,572
(5)	**Projected Ultimate Net Loss:**		610,781		487,387
(6)	**Fixed Underwriting Expense:**		116,893	$	116,893
(7)	**Reinsurance Expense Rate:**	$	2.361	$	3.012
(8)	**Reinsurance Expense:**	$	7,256,034	$	9,257,855
(9)	**Projected Loss & Fixed Expense:**		7,983,707	$	9,862,135
(10)	**Variable Expense Ratio:**		20.0%		20.0%
(11)	**Projected Funding:**	$	9,979,634	$	12,327,669
(12)	**Indicated Premium Rate:**	$	3.247	$	4.011
(13)	**Current Premium Rate:**	$	1.089	$	1.089
(14)	**Indicated Premium Rate Change:**		198.1%		268.3%

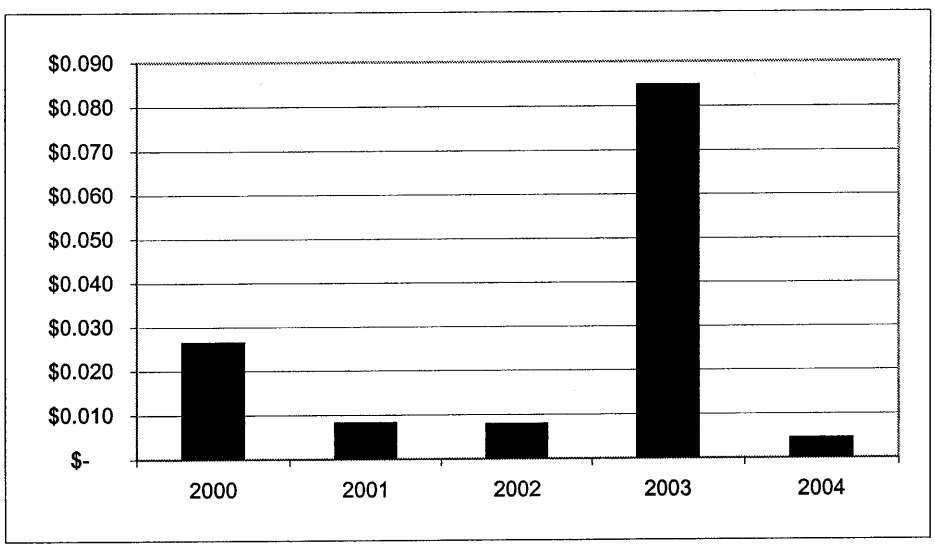
NOTES:

(1) from Exhibit 2, row (4)
(2) from Exhibit 6, row (14)
(3) = (1) + (2)
(4), (13) from an inventory of in-force policies as of 12/31/2005 (provided by AIG)
(5) = (3) x (4) / 100
(6), (7), (10) from Exhibit 5
(8) = (4) x (7) / 100
(9) = (5) + (6) + (8)
(11) = (9) / [1.0 - (10)]
(12) = 100 x (11) / (4)
(14) = (12) / (13) - 1.0

Mississippi Windstorm Underwriting Association
Extended Coverage (Wind Only) - Commercial
Rate Analysis - Effective Date 7/1/2006

Calculation of Projected Non-Hurricane Loss Rate

Policy Year	(1) Adjusted Historical Exposure	(2) Adjusted Non-Hurricane Loss & ALAE		(3) Loss Rate
2000	328,278,573	86,398	$	0.026
2001	289,834,822	23,558	$	0.008
2002	542,594,027	41,953	$	0.008
2003	432,474,142	366,222	$	0.085
2004	378,515,761	16,851	$	0.004
Total	1,971,697,325	534,982	$	0.027
	(4)	**Selected**	$	0.027



NOTES:
(1) from Exhibit 3, Page 1, col. (4)
(2) from Exhibit 4, Page 1, col. (5)
(3) = (2) / [(1)/100]

Mississippi Windstorm Underwriting Association
Extended Coverage (Wind Only) - Commercial
Rate Analysis - Effective Date 7/1/2006

Calculation of Adjusted Historical Exposure

Policy Year	(1) Total Insured Value	(2) Current Amount Factor	(3) Exposure Projection Factor	(4) Adjusted Historical Exposure
2000	214,131,589	1.276	1.202	328,278,573
2001	175,343,120	1.375	1.202	289,834,822
2002	515,062,932	0.877	1.202	542,594,027
2003	338,524,483	1.063	1.202	432,474,142
2004	314,974,539	1.000	1.202	378,515,761
Total	1,558,036,663			1,971,697,325

NOTES:
(1) provided by AIG
(2) from Exhibit 3, Page 2, col. (4)
(3) from Exhibit 3, Page 2, row (10)
(4) = (1) x (2) x (3)

Mississippi Windstorm Underwriting Association
Extended Coverage (Wind Only) - Commercial
Rate Analysis - Effective Date 7/1/2006

Analysis of Exposure Trend

	(1)	(2)	(3)	(4)
Policy Year	Number of Policies	Total Insured Value	Average Exposure	Current Amount Factor *
2000	1,734	214,131,589	123,490	1.276
2001	1,558	175,343,120	112,544	1.375
2002	2,548	515,062,932	202,144	0.877
2003	2,173	338,524,483	155,787	1.063
2004	1,865	314,974,539	168,887	1.000

Exposure Trend Projection Factor
Exponential Regression:

(5)	Constant:	112,152
(6)	Slope:	0.0951
(7)	*Annual Trend:*	10.0%
(8)	*Policy Year 2004 Midpoint (Avg. Writing):*	7/1/2004
(9)	*Projection Period Midpoint (Avg. Writing):*	1/1/2007
(10)	*Tempered Projection Factor:*	1.202

*** Exposure trend is tempered by a factor of: 0.75**

NOTES:

(1), (2) provided by AIG
(3) = (2) / (1)
(4) = [(3), last row] / (3)
(5), (6) are best fit parameters for the logarithm of col. (3)
(7) = exp[(6)] -1
(10) = 1.0 + [0.75 x {(1.0 + (7)) ^ ((((9)-(8))/365)) - 1.0}]

Mississippi Windstorm Underwriting Association
Extended Coverage (Wind Only) - Commercial
Rate Analysis - Effective Date 7/1/2006

Calculation of Adjusted Historical Non-Hurricane Losses

Policy Year	(1) Non-Hurricane Reported Loss & ALAE	(2) Loss Development Factor	(3) Current Amount Factor	(4) Loss Projection Factor	(5) Adjusted Historical Loss & ALAE
2000	77,939	1.003	1.064	1.039	86,398
2001	21,626	1.002	1.047	1.039	23,558
2002	38,901	1.004	1.034	1.039	41,953
2003	340,702	1.016	1.019	1.039	366,222
2004	15,252	1.064	1.000	1.039	16,851
Total	494,420				534,982

NOTES:
(1) provided by AIG
(2) based on *Best's Aggregates & Averages*
(3) from Exhibit 4, Page 3, col. (6)
(4) from Exhibit 4, Page 3, row (12)
(5) = (1) x (3) x (4)

Mississippi Windstorm Underwriting Association
Extended Coverage (Wind Only) - Commercial
Rate Analysis - Effective Date 7/1/2006

Analysis of (Non-Hurricane) Loss Trend

Consumer Price Index - U.S. Department of Labor - Bureau of Labor Statistics

Housing — **Series ID: CUUR0000SAH**

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Pol Yr	PY2000
2000	166.0	167.1	167.8	167.9	168.1	169.6	170.6	170.9	171.4	171.7	171.6	171.9	173.0	100.0
2001	174.1	174.7	175.4	175.4	175.9	177.3	177.6	178.0	177.4	176.7	176.9	176.9	178.3	103.1
2002	177.6	178.5	179.1	179.5	179.7	180.7	181.2	181.7	181.5	181.4	181.2	181.1	182.5	105.5
2003	182.3	183.2	184.3	184.1	184.5	185.3	185.9	186.1	185.8	185.7	185.1	185.1	187.2	108.2
2004	186.3	187.0	187.9	188.4	188.9	190.3	190.9	191.2	191.0	191.0	190.8	190.7	192.6	111.4
2005	191.8	192.7	194.1	194.4	194.5	195.5	196.6	196.9	197.0	198.4	198.5	198.3		

Apparel — **Series ID: CUUR0000SAA**

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Pol Yr	PY2000
2000	126.8	129.2	132.5	133.3	132.2	128.3	124.5	125.3	130.4	132.8	131.8	127.8	128.4	100.0
2001	125.4	128.4	132.2	131.9	129.8	126.3	122.6	122.6	126.8	129.5	128.0	123.7	125.6	97.8
2002	120.4	123.5	128.2	128.8	127.1	122.7	118.7	120.5	124.6	126.8	125.5	121.5	122.5	95.4
2003	118.1	120.6	123.6	123.9	122.5	119.5	116.2	117.2	122.0	124.8	123.1	119.0	120.7	94.0
2004	115.8	118.6	123.5	124.3	123.4	120.1	115.9	116.5	121.2	124.1	123.0	118.8	120.0	93.4
2005	116.1	118.7	123.5	123.7	122.4	118.3	113.8	115.8	120.5	122.7	121.5	117.5		

Recreation — **Series ID: CUUR0000SAR**

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Pol Yr	PY2000
2000	102.3	102.5	102.9	102.9	103.1	103.4	103.7	103.9	103.8	103.8	103.7	103.7	104.1	100.0
2001	104.1	104.3	104.3	105.0	105.0	104.8	105.0	105.1	105.2	105.3	105.5	105.3	105.6	101.4
2002	105.7	105.9	106.1	106.5	106.4	106.2	106.2	106.3	106.2	106.4	106.4	106.5	106.9	102.7
2003	106.9	107.2	107.4	107.4	107.6	107.6	107.7	107.7	107.7	107.6	107.8	107.7	108.1	103.8
2004	107.9	108.4	108.8	109.0	108.8	108.9	108.7	108.5	108.6	108.7	108.7	108.5	109.0	104.7
2005	108.9	109.0	109.0	109.2	109.5	109.1	109.1	109.3	109.7	109.9	109.8	109.7		

Medical Care — **Series ID: CUUR0000SAM**

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Pol Yr	PY2000
2000	255.5	257.0	258.1	258.8	259.4	260.5	261.4	262.6	263.1	263.7	264.1	264.8	266.8	100.0
2001	267.1	268.9	270.0	270.8	271.4	272.5	273.1	274.4	275.0	275.9	276.7	277.3	279.2	104.7
2002	279.6	281.0	282.0	283.2	284.1	284.7	286.6	287.3	287.7	289.2	290.5	291.3	291.3	109.2
2003	292.6	293.7	294.2	294.6	295.5	296.3	297.6	298.4	299.2	299.9	300.8	302.1	303.6	113.8
2004	303.6	306.0	307.5	308.3	309.0	310.0	311.0	311.6	312.3	313.3	314.1	314.9	316.7	118.7
2005	316.8	319.3	320.7	321.5	322.2	322.9	324.1	323.9	324.6	326.2	328.1	328.4		

Mississippi Windstorm Underwriting Association
Extended Coverage (Wind Only) - Commercial
Rate Analysis - Effective Date 7/1/2006

Analysis of Loss Trend

	(1)	(2)	(3)	(4)	(5)	(6)
	CPI Components					
Policy Year	*60%* Housing	*20%* Apparel	*20%* Recreation	*0%* Medical	Composite	Current Amount Factor
2000	100.0	100.0	100.0	100.0	100.0	1.064
2001	103.1	97.8	101.4	104.7	101.7	1.047
2002	105.5	95.4	102.7	109.2	102.9	1.034
2003	108.2	94.0	103.8	113.8	104.5	1.019
2004	111.4	93.4	104.7	118.7	106.4	1.000

Loss Trend Projection Factor
Exponential Regression:

(7)	Constant:	98.5
(8)	Slope:	0.0152
(9)	*Annual Trend:*	1.5%
(10)	*Policy Year 2004 Midpoint (Avg. Loss Date):*	12/31/2004
(11)	*Projection Period Midpoint (Avg. Loss Date):*	7/1/2007
(12)	*Loss Projection Factor:*	1.039

NOTES:
(1) through (4) from Exhibit 4, Page 2
(5) = weighted average of (1) through (4)
(6) = [(5), last row] / (5)
(7), (8) are best fit parameters for the logarithm of col. (5)
(9) = exp[(8)] -1
(12) = [1.0 + (9)] ^ [{(11) - (10)} / 365]

Mississippi Windstorm Underwriting Association
Extended Coverage (Wind Only) - Commercial
Rate Analysis - Effective Date 7/1/2006

Analysis of Underwriting Expenses

Fixed Expenses

(1)	**Fixed Expenses - All Lines**	1,174,986
(2)	**Commercial Percentage of Policy Count**	9.9%
(3)	**Fixed Expenses - Commercial**	116,893

Variable Expenses

(4)	**Commission**	11.25%
(5)	**Service Fee**	8.75%
(6)	**Total Variable Expenses**	20.0%

Reinsurance Expense		***Purchased***	***Full Program***
(7)	**Estimated Total Reinsurance Expense**	43,043,508	54,918,508
(8)	**Total Insured Value (All Segments)**	2,061,079,000	2,061,079,000
(9)	**Estimated Blended Rate (All Segments)**	$ 2.088	$ 2.665
(10)	**Commercial Segment Relativity**	1.130	1.130
(11)	**Estimated Commercial Reinsurance Rate**	$ 2.361	$ 3.012

NOTES:

Expense information provided by MWUA & its reinsurance brokers
(9) = 100 x (7) / (8)
(10) from Exhibit 6, col. (4)

Mississippi Windstorm Underwriting Association
Extended Coverage (Wind Only) - Commercial
Rate Analysis - Effective Date 7/1/2006

Exhibit 6

Catastrophe Model Results - RiskLink v 5.0

	(1)	(2)	(3)	(4)
Segment	**Gross Pure Premium**	**Total Insured Value**	**Hurricane Loss Cost**	**Segment Relativity**
Dwelling	5,480,005	1,444,098,674	$ 0.379	0.977
Commercial Fire	1,200,601	273,542,088	$ 0.439	1.130
Mobile Home	30,171	10,677,191	$ 0.283	0.728
Total	6,710,777	1,728,317,953	$ 0.388	

	(5)	(6)	(7)	(8)	(9)	(10)
					MWUA Pure Premium	
Layer	**Gross Pure Premium (All Segments)**	**MWUA Participation**	**MWUA Pure Premium (All Segments)**	**Segment Relativity**	**Purchased Re Program**	**Full Re Program**
$0 - $10M	1,147,190	100.0%	1,147,190	1.130	1,296,764	1,296,764
$10M - $30M	1,067,962	0.0%	0	1.130	0	0
$30M - $45M	517,874	10.0%	51,787	1.130	58,540	58,540
$45M - $65M	526,912	25.5%	134,363	1.130	151,881	151,881
$65M - $90M	506,560	15.0%	75,984	1.130	85,891	85,891
$90M - $100M	160,754	10.0%	16,075	1.130	18,171	18,171
$100M - $200M	1,029,340	0.0%	0	1.130	0	0
$200M - $350M	700,420	0.0%	0	1.130	0	0
$350M - $600M	579,369	100.0%	579,369	1.130	654,908	0
> $600M	471,448	100.0%	471,448	1.130	532,917	532,917
Total	6,707,830				2,799,072	2,144,163

(11)	**Model Input TIV:**	1,728,317,953		1,728,317,953
(12)	**Retained Hurricane Loss Rate:**	$ 0.162	$	0.124
(13)	**ALAE Factor:**	1.059		1.059
(14)	**Loss & ALAE Rate:**	$ 0.172	$	0.131

NOTES:

(1), (2), (5), (11) from Amrisc
(3) = 100 x (1) / (2)
(4) = (3) / [(3), total line]
(6) provided by CRC Insurance Services
(7) = (5) x (6)
(8) = (4) for Commercial
(9) = (5) x (6) x (8)
(10) = col. (9), adjusted for full reinsurance coverage
(12) = 100 x [(9), total line] / (11)
(13) judgmentally selected by BWR&B, based on MWUA claims from Hurricane Katrina
(14) = (12) x (13)

Current Rates per $100 of Coverage

COMMERCIAL RATES OTHER THAN HABITATIONAL

WIND RESISTIVE AA		SEMI-WIND RESISTIVE A		MASONRY B,S,B-E,B-HT,S-IC		FRAME D,BV,SIC,IC,P,ET,HCB,E	
0%	$ 0.668	0%	$ 0.998	0%	$ 2.675	0%	$ 3.350
50%	$ 0.401	50%	$ 0.599	50%	$ 1.605	50%	$ 2.010
80%	$ 0.267	80%	$ 0.399	80%	$ 1.070	80%	$ 1.340
90%	$ 0.254	90%	$ 0.379	90%	$ 1.017	90%	$ 1.273
100%	$ 0.240	100%	$ 0.359	100%	$ 0.963	100%	$ 1.206

HABITATIONAL

WIND RESISTIVE AA		SEMI-WIND RESISTIVE A		ALL OTHER B,S,B-E,B-HT,S-IC D,BV,SIC,IC,P,ET,HCB,E	
0%	$ 0.683	0%	$ 1.355	0%	$ 2.825
50%	$ 0.410	50%	$ 0.813	50%	$ 1.695
80%	$ 0.273	80%	$ 0.542	80%	$ 1.130
90%	$ 0.259	90%	$ 0.515	90%	$ 1.074
100%	$ 0.246	100%	$ 0.488	100%	$ 1.017

Proposed Rates per $100 of Coverage
Effective Date: July 1, 2006

COMMERCIAL RATES OTHER THAN HABITATIONAL

WIND RESISTIVE AA		SEMI-WIND RESISTIVE A		MASONRY B,S,B-E,B-HT,S-IC		FRAME D,BV,SIC,IC,P,ET,HCB,E	
0%	$ 2.460	0%	$ 3.675	0%	$ 9.851	0%	$ 12.337
50%	$ 1.477	50%	$ 2.206	50%	$ 5.911	50%	$ 7.402
80%	$ 0.983	80%	$ 1.469	80%	$ 3.941	80%	$ 4.935
90%	$ 0.935	90%	$ 1.396	90%	$ 3.745	90%	$ 4.688
100%	$ 0.884	100%	$ 1.322	100%	$ 3.546	100%	$ 4.441

HABITATIONAL

WIND RESISTIVE AA		SEMI-WIND RESISTIVE A		ALL OTHER B,S,B-E,B-HT,S-IC D,BV,SIC,IC,P,ET,HCB,E	
0%	$ 2.515	0%	$ 4.990	0%	$ 10.404
50%	$ 1.510	50%	$ 2.994	50%	$ 6.242
80%	$ 1.005	80%	$ 1.996	80%	$ 4.161
90%	$ 0.954	90%	$ 1.897	90%	$ 3.955
100%	$ 0.906	100%	$ 1.797	100%	$ 3.745

Property & Casualty Transmittal Document (Revised 1/1/06)

1. Reserved for Insurance Dept. Use Only

2. Insurance Department Use only	
a. Date the filing is received:	
b. Analyst:	
c. Disposition:	
d. Date of disposition of the filing:	
e. Effective date of filing:	
New Business	
Renewal Business	
f. State Filing #:	
g. SERFF Filing #:	
h. Subject Codes	

3.	Group Name	Group NAIC #
	Mississippi Windstorm Underwriting Association	N/A

4.	Company Name(s)	Domicile	NAIC #	FEIN #
	Mississippi Windstorm Underwriting Assoc.	MS	N/A	N/A

5.	Company Tracking Number	MWUA NO. 1 - 2006

Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Mr. Albert G. Parks MS Ins. Rating Bureau	Manager	(601)981-2915	(601)981-2924	
	P.O. Box 5231 Jackson, MS 39296-5231				
7.	Signature of authorized filer		Albert G. Parks		
8.	Please print name of authorized filer		Albert G. Parks		

Filing information (see General Instructions for descriptions of these fields)

9.	**Type of Insurance (TOI)**	01.0 Property			
10.	**Sub-Type of Insurance (Sub-TOI)**	01.0002 Personal Property (Fire and Allied Lines)			
11.	**State Specific Product code(s)(if applicable)[See State Specific Requirements]**				
12.	**Company Program Title** (Marketing title)				
13.	**Filing Type**	[X] Rate/Loss Cost [ ] Rules [ ] Rates/Rules [ ] Forms [ ] Combination Rates/Rules/Forms [ ] Withdrawal[ ] Other (give description)			
14.	**Effective Date(s) Requested**	New:	7/1/2006	Renewal:	7/1/2006
15.	**Reference Filing?**	[ ] Yes [X] No			
16.	**Reference Organization** (if applicable)				
17.	**Reference Organization # & Title**				
18.	**Company's Date of Filing**	April 28, 2006			
19.	**Status of filing in domicile**	[ ] Not Filed [ ] Pending [ ] Authorized [ ] Disapproved			

Property & Casualty Transmittal Document—

20.	This filing transmittal is part of Company Tracking #	MWUA NO.1-2006

21.	Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]

The Mississippi Windstorm Underwriting Association (MWUA) requests a uniform upward revision of the Mobile Home rate of 60.4%, as set forth and explained in the Actuarial Memorandum contained in the filing.

22.	Filing Fees (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]

Check #: 17448
Amount: $15.00

Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.

*****Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**

Effective January 1, 2006

FORM FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes forms)

(Do not refer to the body of the filing for the forms listing, unless allowed by state.)

1.	**This filing transmittal is part of Company Tracking #**	MWUA NO. 1-2006
2.	**This filing corresponds to rate/rule filing number** (Company tracking number of rate/rule filing, if applicable)	

3.	Form Name /Description/Synopsis	Form # Include edition date	Replacement Or withdrawn?	If replacement, give form # it replaces	Previous state filing number, if required by state
01			[ ] New [ ] Replacement [ ] Withdrawn		
02			[ ] New [ ] Replacement [ ] Withdrawn		
03			[ ] New [ ] Replacement [ ] Withdrawn		
04			[ ] New [ ] Replacement [ ] Withdrawn		
05			[ ] New [ ] Replacement [ ] Withdrawn		
06			[ ] New [ ] Replacement [ ] Withdrawn		
07			[ ] New [ ] Replacement [ ] Withdrawn		
08			[ ] New [ ] Replacement [ ] Withdrawn		
09			[ ] New [ ] Replacement [ ] Withdrawn		
10			[ ] New [ ] Replacement [ ] Withdrawn		

PC FFS-1

Effective January 1, 2006

RATE/RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)

1.	**This filing transmittal is part of Company Tracking #**	MWUA NO. 1 - 2006
2.	**This filing corresponds to form filing number** (Company tracking number of form filing, if applicable)	

☒ Rate Increase ☐ Rate Decrease ☐ Rate Neutral (0%)

3.	**Filing Method (Prior Approval, File & Use, Flex Band, etc.)**	Prior Approval

4a. Rate Change by Company (As Proposed)

Company Name	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)
MWUA	+60.4%	127,283	715	210,733	+60.4%	+60.4%

4b. Rate Change by Company (As Accepted) For State Use Only

Company Name	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change	Minimum % Change

5. Overall Rate Information (Complete for Multiple Company Filings only)

		COMPANY USE	STATE USE
5a	**Overall percentage rate impact for this filing**		
5b	**Effect of Rate Filing – Written premium change for this program**		
5c	**Effect of Rate Filing – Number of policyholders affected**		

6.	**Overall percentage of last rate revision**	N/A
7.	**Effective Date of last rate revision**	N/A
8.	**Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)**	N/A

9.	**Rule # or Page # Submitted for Review**	**Replacement or withdrawn?**	**Previous state filing number, if required by state**
01		[ ] New [ ] Replacement [ ] Withdrawn	
02		[ ] New [ ] Replacement [ ] Withdrawn	
03		[ ] New [ ] Replacement [ ] Withdrawn	

PC RRFS-1

MISSISSIPPI RATEMAKING WORKSHEET

1. What is the largest and smallest cumulative effect of all changes being made in this filing on any individual class of insured?

☐ **Largest (+/-)** + 60.4%
☐ **Smallest (+/-)** + 60.4%

2. What percentage of insureds will receive an increase of **25%** or more? Describe the main contributors to increases above **25%**.

   All Mobile Home policyholders will receive a 60.4% increase, brought about by an increase of the base rate.

3. Provide an **actuarial memorandum** on your rate-making methodology. This memorandum, including all applicable **exhibits** as shown below, must follow the **Mississippi Cover Sheet**. The memorandum must include the following:

☐ Description of all changes being made in the filing.

☐ **Exhibit A.** Summary of the overall changes and changes by territory, limits, protection class, etc.

☐ **Exhibit B.** This exhibit is not required for **new** business. Five years of Mississippi and Countrywide experience for the line of business to which the filing pertains. The data source is statutory Page 14.

☐ **Exhibit C.** Three years of underwriting expense and loss adjustment expense. The data source is the Insurance Expense Exhibit.

☐ **Exhibit D.** This exhibit would show the derivation of the profit/contingency factor.

☐ **Exhibit E.** Provide if appropriate to filing. Loss development data, including selected development factors.

☐ **Exhibit F.** Provide if appropriate to filing. Explanation of trending procedures and support for the selected trend factors.

☐ Any other **exhibits** deemed necessary to support the requested rate change. These could include:

- ☐ Support for credibility.
- ☐ Explanation of any adjustment for large or catastrophic losses.
- ☐ Explanation of models used for earthquake, hurricanes or any other exposure where modeling was used. If modeling is used, include a summary of the changes in the coverages/exposures for which the model is used.

Exhibits A, C, and D are required on all filings, including adoption of rate service organization loss costs.

Ed. 1/2000

MISSISSIPPI DEPARTMENT OF INSURANCE
PROPERTY & CASUALTY RATE FILING EXHIBITS

EXHIBIT A - STATEWIDE AVERAGE RATE LEVEL INFORMATION

COMPLETE THE FOLLOWING EXHIBIT ON A STATEWIDE, ALL CLASSES COMBINED, BASIS.

(A) COVERAGE/FORM	(B) LATEST YEAR DIRECT WRITTEN PREMIUMS	(C) PROPOSED CHANGE DUE TO OVERALL EXPERIENCE	(D) PROPOSED CHANGE DUE TO OTHER FACTORS*	(E) PROPOSED RATE LEVEL CHANGE PERCENT [(C) x (D)] - 1
Mobile Home	210,733	0%	60.4%	60.4%
TOTAL STATEWIDE AVERAGE RATE CHANGE	**********	**********	**********	60.4%

*Examples could be loss cost modifier, territorial changes, relativity changes, increased limit factors.

Attach additional Exhibit C pages as needed.

Ed. 1/2000

MISSISSIPPI DEPARTMENT OF INSURANCE
PROPERTY & CASUALTY RATE FILING EXHIBITS

EXHIBIT B - HISTORICAL EXPERIENCE

PLEASE PROVIDE THE FOLLOWING INFORMATION ON A CALENDAR YEAR BASIS.

COVERAGE/FORM: Windstorm & Hail (All Segments)

MISSISSIPPI					
YEAR	(A) DIRECT PREMIUMS WRITTEN	(B) DIRECT PREMIUMS EARNED	(C) DIRECT LOSSES & ALAE PAID	(D) DIRECT LOSSES & ALAE INCURRED	(E) INCURRED LOSS & ALAE RATIO (D) / (B)
2000	6,296,583	6,125,011	311,132	246,949	4.0%
2001	5,817,653	5,902,434	388,310	381,575	6.5%
2002	8,626,556	6,994,729	530,187	770,983	11.0%
2003	10,449,707	9,268,971	1,029,483	738,036	8.0%
2004	12,781,201	11,564,448	3,614,362	3,828,556	33.1%

COUNTRYWIDE					
YEAR	(A) DIRECT PREMIUMS WRITTEN	(B) DIRECT PREMIUMS EARNED	(C) DIRECT LOSSES & ALAE PAID	(D) DIRECT LOSSES & ALAE INCURRED	(E) INCURRED LOSS & ALAE RATIO (D) / (B)
2000	6,296,583	6,125,011	311,132	246,949	4.0%
2001	5,817,653	5,902,434	388,310	381,575	6.5%
2002	8,626,556	6,994,729	530,187	770,983	11.0%
2003	10,449,707	9,268,971	1,029,483	738,036	8.0%
2004	12,781,201	11,564,448	3,614,362	3,828,556	33.1%

Attach additional Exhibit B pages as needed.

Ed. 1/2000

MISSISSIPPI DEPARTMENT OF INSURANCE
PROPERTY & CASUALTY RATE FILING EXHIBITS

EXHIBIT C – EXPENSE INFORMATION

Coverage/Form: Windstorm & Hail (All Segments)

UNDERWRITING EXPENSES AS PERCENTS OF DIRECT PREMIUMS WRITTEN

MS (ANNUAL STATEMENT PAGE 14)

	2002		2003		2004		
	AMOUNT (000)	PERCENT	AMOUNT (000)	PERCENT	AMOUNT (000)	PERCENT	MEAN PERCENT
1. PREMIUMS WRITTEN	$8,627	----	$10,450	----	$12,781	----	----
2. COMMISSION & BROKERAGE EXPENSES INCURRED	$928	10.8%	$1,211	11.6%	$1,520	11.9%	11.4%
3. TAXES, LICENSES & FEES INCURRED	$0	0.0%	$0	0.0%	$0	0.0%	0.0%

COUNTRYWIDE (IEE, PART III)

4. PREMIUMS WRITTEN	$8,627	----	$10,450	----	$12,781	----	----
5. COMMISSION & BROKERAGE EXPENSES INCURRED	$928	10.8%	$1,211	11.6%	$1,520	11.9%	11.4%
6. OTHER ACQUISITION EXPENSES INCURRED	$756	8.8%	$911	8.7%	$1,118	8.8%	8.7%
7. GENERAL EXPENSES INCURRED	$472	5.5%	$542	5.2%	$626	4.9%	5.2%

LOSS ADJUSTMENT EXPENSES AS PERCENTS OF DIRECT LOSSES INCURRED

MS (ANNUAL STATEMENT PAGE 14)

8. LOSSES INCURRED	$456	----	$693	----	$3,337	----	----
9. ALLOCATED LAE INCURRED	$315	69.0%	$45	6.5%	$492	14.7%	30.1%

COUNTRYWIDE (IEE, PART III)

10. LOSSES INCURRED	$456	----	$693	----	$3,337	----	----
11. ALLOCATED LAE INCURRED	$315	69.0%	$45	6.5%	$492	14.7%	30.1%
12. UNALLOCATED LAE INCURRED	$0	0.0%	$0	0.0%	$0	0.0%	0.0%

Attach additional Exhibit C (Part 1) pages as needed.

EXHIBIT C – EXPENSE INFORMATION (PAGE 2)

COVERAGE/FORM: Windstorm & Hail (All Segments)

EXPENSE PROVISIONS UNDERLYING YOUR PROPOSED RATES, AS A PERCENT OF PREMIUM	
13. COMMISSION & BROKERAGE EXPENSES INCURRED	11.25%
14. OTHER ACQUISITION EXPENSES INCURRED	8.75%
15. GENERAL EXPENSES INCURRED	1.62%
16. TAXES, LICENSES & FEES INCURRED	0.00%
17. PROFIT & CONTINGENCIES	0.00%
18. TOTAL EXPENSES & PROFIT (SUM OF LINES 13 THROUGH 17)	21.62%
19. PERMISSIBLE LOSS & LAE RATIO (1 – LINE 18)	78.38%

LOSS ADJUSTMENT EXPENSE PROVISIONS UNDERLYING YOUR PROPOSED RATES, AS A PERCENT OF LOSSES	
20. ALLOCATED LAE	N/A
21. UNALLOCATED LAE	N/A
22. TOTAL LAE (SUM OF LINES 20 – 21)	N/A

Attach additional Exhibit C (part 2) pages as needed.

MISSISSIPPI DEPARTMENT OF INSURANCE
PROPERTY & CASUALTY RATE FILING EXHIBITS

EXHIBIT D - INVESTMENT INCOME / PROFIT & CONTINGENCY

Please see the actuarial memorandum for discussion of investment income and underwriting profit.

ACTUARIAL MEMORANDUM

Mississippi Windstorm Underwriting Association
Line of Business: Mobile Home
Proposed Effective Date: July 1, 2006

The Mississippi Windstorm Underwriting Association (MWUA) is filing with the Mississippi Insurance Department (MID) a request to change MWUA rates for Mobile Home policies. This request has a proposed effective date of July 1, 2006.

The Board of Directors of MWUA has voted to petition MID for a flat rate increase of **60.4%** for all Mobile Home policies. Actuarial justification for this proposed change is enclosed in the form of an actuarial rate analysis, and a description of that analysis is contained in this actuarial memorandum.

Bickerstaff, Whatley, Ryan & Burkhalter, Inc. (BWR&B) has been engaged by the Board of Directors of MWUA to produce the analysis and memorandum in support of this rate filing. BWR&B has no affiliation with MWUA, other than in its capacity as MWUA's independent actuarial consulting firm.

Exhibit 1 – Indicated Rate Change

Exhibit 1 displays the calculation of the indicated premium change for the projection period, which is the twelve-month policy year beginning on the effective date of July 1, 2006. A pure premium approach is used to determine the indicated change. The indicated premium rate, which equals the

indicated premium per $100 of total insured value covered by MWUA, is built from the ground up on Exhibit 1. Two different reinsurance structures form the basis of the rate indication calculation. The left column is based on reinsurance actually purchased by MWUA with an effective date of 3/17/2006, with a one-year term. The right column shows the calculation of the indicated rate supporting a reinsurance structure that would cover a loss that approximately equaled the size of Hurricane Katrina in August, 2005. The MWUA Board is currently discussing this additional reinsurance coverage with its brokers.

The first constituent portion of the indicated premium rate is the portion expected from non-hurricane loss and allocated loss adjustment expenses (ALAE). The estimated rate is shown on row (1) and derived in Exhibit 2.

Row (2) shows the portion of hurricane losses estimated to be retained by MWUA under its proposed reinsurance structure. The MWUA is seeking reinsurance that under which it will retain all losses for any occurrence up to $10 million, and all losses exceeding $350 million per occurrence. The loss rate shown on row (2) was generated by the use of an industry-standard catastrophe model, described in more detail later in this memorandum. Row (3) is the sum of non-hurricane losses and hurricane losses expected to be retained by MWUA.

Row (4) contains the total insured value expected to be covered in the projection period, for all policies with an effective date within one year of the effective date of this filing. The catastrophic effect of Hurricane Katrina introduces an extreme complication into this projected number. It is believed that the actual exposure of MWUA has dropped since August because of the extensive damage that the hurricane caused. However, as reinsurance and primary insurance markets

inevitably constrict in the wake of such a catastrophic storm season, the residual markets are expected to grow significantly in size. Quantification of this expected growth is, at this time, impossible. This analysis uses the inventory of in-force policies as of December 31, 2005 as a starting point from which to make projections. While this inventory is admittedly not perfect, it is the most accessible and verifiable group with which to work. The total insured value for the mobile home segment as of 12/31/2005 is adjusted upward to reflect the actual overall percentage growth of the Pool's total insured value between 12/31/2005 and 3/31/2006. Row (5) is the projected ultimate net loss (and ALAE) for MWUA, based on the product of rows (3) and (4).

Rows (6) through (10) show the application of MWUA underwriting expenses, which is accomplished in three steps. The expenses are derived in Exhibit 5 and are described in greater detail below.

The total projected funding for the projection period is shown on row (11), giving rise to the indicated premium rate for the projection period on row (12). The current average premium rate, based on the in-force Mobile Home policy inventory as of 12/31/2005, is shown on row (13). The indicated premium rate change, shown on row (14), is calculated as the ratio of rows (12) and (13), minus unity.

Exhibit 2 - Calculation of Projected Non-Hurricane Loss & ALAE Rate

Exhibit 2 shows the calculation of the projected non-hurricane loss & ALAE rate, which is carried forward to row (1) of Exhibit 1. This projection is based on historical exposure and historical non-hurricane losses for the latest completed five policy years, developed to ultimate levels and trended forward to the projection period.

Column (1) of Exhibit 2 shows the adjusted historical exposure for the latest five completed policy years. These figures are calculated in Exhibit 3, described below. Column (2) shows the adjusted historical non-hurricane losses, which are calculated in Exhibit 4 and described below.

Exhibit 3 – Calculation of Adjusted Historical Exposure

The pure premium method of ratemaking relies heavily on an exposure base that is predictive of the general level of expected losses. For this analysis, the total insured value, for building and contents coverages, is used as that exposure base. Total insured value is an exposure statistic that is inflation-sensitive. Therefore, certain adjustments should be made to the historical exposure to ensure its proper use in the ratemaking calculation. These adjustments are contained in Exhibit 3.

Page 2 of Exhibit 3 shows the calculation of "Current Amount Factors" and "Exposure Projection Factors". Current Amount Factors serve to adjust historical exposures to the average cost level of the most recent policy year in the experience period. This is done by comparing the average total insured value for each policy year in the experience period.

The Exposure Projection Factor adjusts exposures to the midpoint (average date of policy writing) of the projection period. A simplifying assumption underlying this calculation is that policies are generally written evenly throughout the year. After reviewing the best fit of an exponential curve to the average total insured value per policy, an annual trend figure is selected, and from that trend, the Exposure Projection Factor is calculated.

On Page 1 of Exhibit 3, the Current Amount Factors and Exposure Projection Factor are applied to the historical exposure, and the resulting figures are brought forward to Exhibit 2 for use in the calculation of the projected non-hurricane loss rate.

Exhibit 4 – Calculation of Adjusted Historical Non-Hurricane Losses

The portion of the indicated average premium rate attributable to non-hurricane losses is projected using five policy years of historical losses, actuarially-adjusted for differences between the experience period and the projection period.

The first adjustment is the development of policy year losses to ultimate. The reported losses (and ALAE) are evaluated as of 12/31/2005 and are shown in Column (1) of Exhibit 4, Page 1. Loss development factors, designed to bring these reported losses to an ultimate level, are applied in Column (2). They are based on accident year factors appearing in Best's *Aggregates & Averages* in the Homeowners line of business. These factors are adjusted for proper application to policy year losses.

Next, historical losses must be adjusted to reflect the general cost level during the projection period. As with the adjustment to historical exposure, this is done in two parts. The "Current Amount Factor" adjusts historical losses to the cost level of the latest policy year. The "Loss Projection Factor" adjusts those losses further to the average exposure date of the projection period. Both factors are derived on Exhibit 4, Page 3 and are based on a mixture of various components of the Consumer Price Index (CPI), as published by the Department of Commerce Bureau of Labor Statistics. The mixture of components used is that typically used in Homeowners analyses and is identical to the combination used in the MWUA Dwelling rate filing. While adjustments to this mixture might be appropriate, we believe the effect on the overall indicated premium rate would be immaterial and have used the Dwelling weights without adjustment.

Exhibit 5 – Underwriting Expenses and Profit Load

Exhibit 5 displays the derivation of expense figures used in the rate indication. Expenses are split into three classifications.

Variable expenses are a percentage of written premium and include commissions and policy writing fees paid to the servicing carrier. These fees cover the costs of the servicing carrier's unallocated loss adjustment expense, as well as the miscellaneous expenses associated with the issuance and servicing of insurance policies. The selected percentages are based on the contractual provisions of the service agreement for the service fee, and an average of new and renewal commission percentages. If the Pool experiences rapid growth, the actual commission expense may exceed this level, though the impact of this potential difference on the currently-calculated indicated rate is considered to be minimal.

The fixed expenses are expressed as a flat dollar amount and include salaries and other expenses of employees of the Mississippi Rating Bureau, which acts as the administrator of the Mississippi Windstorm Underwriting Association. The selected amount is based on budgeted amounts for MWUA for 2006, adjusted for the estimated portion of MWUA's policy count that consists of Mobile Home risks.

The reinsurance expense is provided by the MWUA's reinsurance brokers and is shown for two distinct reinsurance programs. The left column shows expenses for the program into which the MWUA has already entered, with a binding date of 3/17/2006. This coverage provides coverage of $350 million in excess of a self-insured retention of $10 million per occurrence. It further provides one automatic reinstatement with no additional premium. It is structured and priced in different layers. Certain layers are not fully filled; therefore, the MWUA, in the absence of acquiring further subscribers, will retain some loss in these layers. Certain layers are priced on a flat-dollar basis and will not be adjusted for subsequent growth in the Pool. Other layers are based on presumed total insured value and will be adjusted for growth in the total insured value of the Pool above a pre-determined level. Because the current premium rate projection is based on the 12/31/2005 in-force portfolio of risks, all of these layers are treated in an identical manner in this analysis.

The reinsurance rate shown on Exhibit 5 is based on estimates of cost provided by MWUA's reinsurance brokers. It has been adjusted by a "segment relativity", derived in Exhibit 6, to account for the different relative expected catastrophic losses between dwelling, commercial, and mobile home risks. It has been assumed that each segment's relative contribution to the reinsurance expense is proportional to that segment's contribution to the gross hurricane pure premium, as determined by the catastrophe model.

Treatment of Anticipated Investment Income and Underwriting Profit Provision

The indicated premium rate as calculated in Exhibit 1 contains neither a target underwriting profit provision nor an offset for anticipated investment income.

The structure of MWUA is unique in the insurance industry in Mississippi. The Pool does not accumulate capital or surplus funds for the contingency of catastrophic losses. While surplus funds are, by law, earmarked for distribution to MWUA members as dividends, the MWUA Board has historically sought the highest levels of reinsurance coverage that could be afforded by the premium collected from the approved rates. Therefore, any return on surplus method would by definition yield indeterminate results.

Implicit in the indicated premium rate is, therefore, a target 0% underwriting profit. While an offset for investment income could be included, it should also be noted that no cost of capital considerations have been incorporated into the non-hurricane and retained hurricane loss projections. This may represent a departure from certain provisions of the Casualty Actuarial Society's "Statement of Principles Regarding Property & Casualty Ratemaking" and certain Actuarial Standards of Practice. It is emphasized that this departure is a direct result of the nature of this filing, the paramount purpose of which is to quantify the rates necessary to maintain a reinsurance program that will adequately protect the MWUA from catastrophic loss and thereby prevent the possible exodus of voluntary property insurance underwriters from the state. It is anticipated that this filing is the first of a series of filings that will incorporate actual changes in the reinsurance

pricing and improvements and modifications to the catastrophe models. The absence of risk loads or other actuarially-accepted cost-of-capital considerations in this filing is not intended to make any statement as to their appropriateness in the analysis of MWUA rates. Future filings may, and likely will, contain such considerations explicitly.

Exhibit 6 – Catastrophe Model Results

Major support for this analysis was provided by the modeling arm of CRC Insurance Services, also known as AmRisc. The catastrophe model employed was RiskLink version 5.0, based on an inventory of MWUA policies in-force as of 12/31/2005.

Model output was provided to BWR&B in several forms. An event loss table was provided, containing the mean gross loss (gross of all reinsurance provisions and net of applicable insurance policy provisions) and occurrence rate for each modeled event. Additionally, modeled pure premium was provided for each modeled location.

Exhibit 6 contains two calculations based on the modeled output. The top section contains a breakdown of modeled pure premium by segment (i.e., dwelling, commercial, and mobile home). Because these segments contain significantly-different risks, it is reasonable to expect a different level of modeled hurricane loss costs. Segment relativities, representing the ratio of each segment's pure premium to the pure premium for all segments combined, are calculated in column (4). These relativities are used to adjust both MWUA-retained hurricane losses (on the bottom section of Exhibit 6) and the reinsurance expense (on Exhibit 5).

The bottom half of Exhibit 6 shows the pure premium by layer and calculates the retained hurricane loss rate (per $100 total insured value), after adjustment by the segment relativity for Mobile Home. This calculation is performed for both the currently-purchased reinsurance structure, as well as the structure being discussed by the MWUA Board, which would provide coverage for a catastrophic loss approximately equal to that of Hurricane Katrina.

Once again, it is important to note the absence of any risk loads on the losses retained by the MWUA. The members of this Association are required by law to make up any operating deficits experienced by the Pool. Therefore, the MWUA members serve as de facto reinsurers to the business underwritten by the MWUA. Cost of capital is an important consideration to achieving an actuarially-sound estimate of the expected value of all future costs associated with an individual risk transfer, and is explicitly noted as such in the Casualty Actuarial Society's "Statement of Principles Regarding Property & Casualty Ratemaking". Based on the current market price of the highest reinsurance layer being considered by the MWUA, it could be reasonably argued that the cost to transfer the catastrophic exposure in excess of $600 million per occurrence to the open reinsurance markets would approximate $10 million. The current series of MWUA filings loads only expected losses in this layer, which total less than $500,000. Risk loads are also absent in the expected losses below the MWUA per-occurrence retention of $10 million and in those layers where reinsurer participation is less than 100%. To the degree that ignoring risk loads in these layers might be considered a departure from Actuarial Standard of Practice No. 30, its rationale lies in the stark reality of the magnitude of the requested rate change as currently constructed. Utilizing this procedure produces indicated rates that are lower than those that would be produced by strict adherence to the Standard, and the use of the resulting rates has the effect of creating an economic subsidy of the insureds by the MWUA member companies.

Actuarial Standard of Practice No. 38 -- Considerations

In June, 2000, the Actuarial Standards Board of the American Academy of Actuaries adopted Actuarial Standard of Practice No. 38, "Using Models Outside the Actuary's Area of Expertise (Property and Casualty)". This standard addresses, among other models, the use of catastrophe models in property insurance ratemaking. It imposes five requirements on the use of such models:

1. appropriate reliance on experts;
2. understanding of the model;
3. appropriateness of the model for the intended application;
4. appropriate validation; and,
5. appropriate use of the model.

Appropriate Reliance on Experts

As noted above, the catastrophe modeling arm of CRC Insurance Services, known as AmRisc, provided the catastrophe model output on which portions of this rate filing are based. AmRisc employs four engineers, four underwriters and nine modelers in supporting catastrophe reinsurance portfolios, and they have extensive experience with the model being employed in this analysis. Their expertise and experience in the field of catastrophe modeling supports the appropriateness of relying on the provided model output for the purposes of this filing.

The RiskLink model by Risk Management Solutions, Inc. (RMS) is an industry standard and is in use by a large number of insurance and risk management clients. Earlier versions of the model have been extensively reviewed and opined on by experts in catastrophe modeling, including the Florida

Commission on Hurricane Loss Projection Methodology ("the Florida Commission"). The version employed in this analysis is currently being reviewed by the Florida Commission.

While we are not aware of any explicit standards that apply to the use of catastrophe models in property ratemaking in the state of Mississippi, the Florida Commission is the de facto certifying body in that state and promulgates standards that must be met to allow the use of these models as actuarial support in rate filings. According to the Florida Commission, versions of the RiskLink model have been found acceptable to the Commission every year between 1997 and 2004. While this certification process sometimes requires RMS to produce "sub-versions" of their primary model, to meet state-specific requirements that do not translate to the product on a more general level, the main workings of the meteorological, engineering, and actuarial modules of the models are basically the same as those used in the models that support this filing.

Understanding of the Model

Model Components: Documentation concerning the workings of the catastrophe model, its input and output, was obtained and reviewed prior to and during the course of the preparation of this analysis. This review augmented the general level of knowledge gained through a dozen years of professional exposure to catastrophe models, as well as the education provided by the Casualty Actuarial Society through its examination process, literature, and continuing education offerings.

User Input: The required input to the catastrophe model was reviewed by the actuary before the models were run. Significant errors were found in the input data set that required further work by the MWUA's servicing carrier. Subsequently, reasonable and consistent input data sets were produced. The total insured value listed in the input data set agreed to within 0.04% with other data

provided to the actuary, separately, by the servicing carrier and the MWUA staff. A very small number of input records were missing data (such as address, city, or county information) that were required to allow use of the input in the model. These records, constituting 0.1% of the total insured value of the MWUA as of December 31, 2005, were ignored by the model.

Model Output: It was determined that the model output, which consisted of pure premium by insured location and by modeled event, was consistent with the intended use of the model in this analysis. A review of documentation of the model led to this conclusion. Additionally, reasonability checks were performed on the various output platforms provided, including the loss event table and the pure premium by location. Initial reasonability checks led to questions concerning the input parameters of the model which, in turn, led to re-runs of the model until consistency was reached and reasonability was established to the actuary's satisfaction.

Appropriateness of the Model for the Intended Application

Although the science of catastrophe model is in its relative infancy and is rapidly evolving, and although the use of multiple catastrophe models is considered by the actuary to be beneficial in establishing a range of indications that may be reviewed together, it is the actuary's opinion that the RiskLink model is appropriate for its intended use in this analysis, specifically the estimation of average annual tropical storm losses to be retained by the MWUA under its desired reinsurance structure.

Applicability of Historical Data: A wealth of historical data has been used in the creation of this and other catastrophe models. Recalibration to aspects of historical storm experience is constantly employed in the evolution of these models. While the adequacy of historical data is, by definition,

less than desired when compared to the 10,000 years or more of simulation often executed by the model itself, it is the best available indicator of future tropical cyclonic activity. The RiskLink model, when applied to the footprint of Hurricane Katrina across the MWUA book of business, initially projected a median expected loss of $346,904,701, with a 99th percentile estimated loss of $495,455,516; the current paid loss exceeds $500 million. Much work is being performed by RMS to reflect the most recent historical data available in improving the model going forward. This work is ongoing.

Developments in Relevant Fields: As mentioned above, RMS is currently working on a major recalibration of the RiskLink model, intended to incorporate the data from the very active 2004 and 2005 hurricane seasons. These efforts are expected to significantly increase expected loss estimates generated by the model. However, because these developments are currently underway, and will not be complete for at least several more months, they do not materially affect the current actuarial analysis, which is performed based on the best available data, methods, and models.

Appropriate Validation

User Input: Actuarial Standard of Practice No. 23, *Data Quality*, was reviewed. As described above, detailed oversight of the input data was maintained by the actuary, and deficiencies in the input data set were recognized and rectified before the catastrophe model was executed. All pertinent provisions of ASOP No. 23 were followed.

Model Output: The model output was examined for reasonableness. No alternate models or methods were available for comparison to the RiskLink model. Additionally, no historical observations were readily applicable to results produced by the model. Reasonability checks were performed on the

relationships among available output results, as well as the relationship of output results from different options concerning model inputs.

Appropriate Use of the Model

After completion of the analysis described above, it was determined that the use of RiskLink results was appropriate for the analysis of MWUA rates.

Exhibit 7 – Current and Proposed Rates

Exhibit 7 displays the currently-charged rate and the rate proposed to be effective with the approval of this filing, accomplished by a flat increase.

Mississippi Windstorm Underwriting Association
Extended Coverage (Wind Only) - Mobile Home
Rate Analysis - Effective Date 7/1/2006

Exhibit 1

Calculation of Indicated Rate Change

			Based on Purchased Reinsurance		Based on Reinsurance to $600M
(1)	**Estimated Non-Hurricane Loss & ALAE Rate:**	$	0.118	$	0.118
(2)	**Retained Hurricane Loss & ALAE:**	$	0.110	$	0.085
(3)	**Adjusted Loss & ALAE Rate:**	$	0.228	$	0.202
(4)	**Projected Exposure:**		12,731,237	$	12,731,237
(5)	**Projected Ultimate Net Loss:**		29,045		25,754
(6)	**Fixed Underwriting Expense:**		44,619	$	44,619
(7)	**Reinsurance Expense Rate:**	$	1.520	$	1.939
(8)	**Reinsurance Expense:**	$	193,492	$	246,874
(9)	**Projected Loss & Fixed Expense:**		267,156	$	317,247
(10)	**Variable Expense Ratio:**		20.0%		20.0%
(11)	**Projected Funding:**	$	333,945	$	396,559
(12)	**Indicated Premium Rate:**	$	2.623	$	3.115
(13)	**Current Premium Rate:**	$	1.942	$	1.942
(14)	**Indicated Premium Rate Change:**		35.1%		60.4%

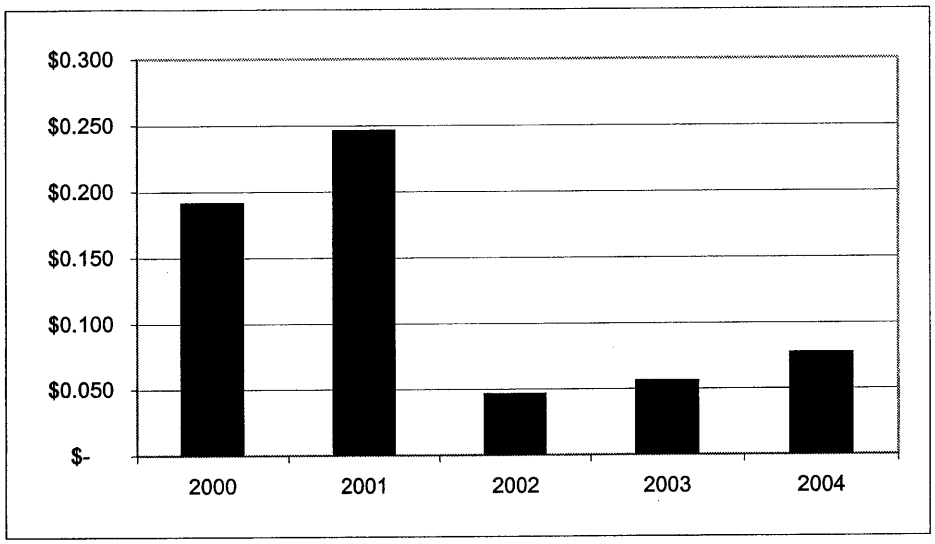
NOTES:

(1) from Exhibit 2, row (4)
(2) from Exhibit 6, row (14)
(3) = (1) + (2)
(4), (13) from an inventory of in-force policies as of 12/31/2005 (provided by AIG)
(5) = (3) x (4) / 100
(6), (7), (10) from Exhibit 5
(8) = (4) x (7) / 100
(9) = (5) + (6) + (8)
(11) = (9) / [1.0 - (10)]
(12) = 100 x (11) / (4)
(14) = (12) / (13) - 1.0

Mississippi Windstorm Underwriting Association
Extended Coverage (Wind Only) - Mobile Home
Rate Analysis - Effective Date 7/1/2006

Calculation of Projected Non-Hurricane Loss Rate

	(1)	(2)		(3)
Policy Year	Adjusted Historical Exposure	Adjusted Non-Hurricane Loss & ALAE		Loss Rate
2000	6,637,121	12,692	$	0.191
2001	6,952,505	17,086	$	0.246
2002	7,206,603	3,315	$	0.046
2003	7,788,419	4,325	$	0.056
2004	9,291,807	7,153	$	0.077
Total	37,876,455	44,571	$	0.118
	(4)	Selected	$	0.118



NOTES:
(1) from Exhibit 3, Page 1, col. (4)
(2) from Exhibit 4, Page 1, col. (5)
(3) = (2) / [(1)/100]

Mississippi Windstorm Underwriting Association
Extended Coverage (Wind Only) - Mobile Home
Rate Analysis - Effective Date 7/1/2006

Calculation of Adjusted Historical Exposure

Policy Year	(1) Total Insured Value	(2) Current Amount Factor	(3) Exposure Projection Factor	(4) Adjusted Historical Exposure
2000	5,852,677	1.066	1.064	6,637,121
2001	5,847,480	1.117	1.064	6,952,505
2002	6,317,480	1.072	1.064	7,206,603
2003	7,401,895	0.989	1.064	7,788,419
2004	8,731,113	1.000	1.064	9,291,807
Total	34,150,645			37,876,455

NOTES:
(1) provided by AIG
(2) from Exhibit 3, Page 2, col. (4)
(3) from Exhibit 3, Page 2, row (10)
(4) = (1) x (2) x (3)

Mississippi Windstorm Underwriting Association
Extended Coverage (Wind Only) - Mobile Home
Rate Analysis - Effective Date 7/1/2006

Analysis of Exposure Trend

	(1)	(2)	(3)	(4)
Policy Year	Number of Policies	Total Insured Value	Average Exposure	Current Amount Factor *
2000	433	5,852,677	13,517	1.066
2001	460	5,847,480	12,712	1.117
2002	471	6,317,480	13,413	1.072
2003	496	7,401,895	14,923	0.989
2004	594	8,731,113	14,699	1.000

Exposure Trend Projection Factor
Exponential Regression:

(5)	Constant:	12,532
(6)	Slope:	0.0328
(7)	*Annual Trend:*	3.3%
(8)	*Policy Year 2004 Midpoint (Avg. Writing):*	7/1/2004
(9)	*Projection Period Midpoint (Avg. Writing):*	1/1/2007
(10)	*Tempered Projection Factor:*	1.064

*** Exposure trend is tempered by a factor of: 0.75**

NOTES:
(1), (2) provided by AIG
(3) = (2) / (1)
(4) = [(3), last row] / (3)
(5), (6) are best fit parameters for the logarithm of col. (3)
(7) = exp[(6)] -1
(10) = 1.0 + [0.75 x {(1.0 + (7)) ^ ((((9)-(8))/365)) - 1.0}]

Mississippi Windstorm Underwriting Association
Extended Coverage (Wind Only) - Mobile Home
Rate Analysis - Effective Date 7/1/2006

Calculation of Adjusted Historical Non-Hurricane Losses

Policy Year	(1) Non-Hurricane Reported Loss & ALAE	(2) Loss Development Factor	(3) Current Amount Factor	(4) Loss Projection Factor	(5) Adjusted Historical Loss & ALAE
2000	11,450	1.003	1.064	1.039	12,692
2001	15,685	1.002	1.047	1.039	17,086
2002	3,073	1.004	1.034	1.039	3,315
2003	4,024	1.016	1.019	1.039	4,325
2004	6,474	1.064	1.000	1.039	7,153
Total	40,706				44,571

NOTES:
(1) provided by AIG
(2) based on *Best's Aggregates & Averages*
(3) from Exhibit 4, Page 3, col. (6)
(4) from Exhibit 4, Page 3, row (12)
(5) = (1) x (3) x (4)

Mississippi Windstorm Underwriting Association
Extended Coverage (Wind Only) - Mobile Home
Rate Analysis - Effective Date 7/1/2006

Analysis of (Non-Hurricane) Loss Trend

Consumer Price Index - U.S. Department of Labor - Bureau of Labor Statistics

Housing — **Series ID: CUUR0000SAH**

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Pol Yr	PY2000
2000	166.0	167.1	167.8	167.9	168.1	169.6	170.6	170.9	171.4	171.7	171.6	171.9	173.0	100.0
2001	174.1	174.7	175.4	175.4	175.9	177.3	177.6	178.0	177.4	176.7	176.9	176.9	178.3	103.1
2002	177.6	178.5	179.1	179.5	179.7	180.7	181.2	181.7	181.5	181.4	181.2	181.1	182.5	105.5
2003	182.3	183.2	184.3	184.1	184.5	185.3	185.9	186.1	185.8	185.7	185.1	185.1	187.2	108.2
2004	186.3	187.0	187.9	188.4	188.9	190.3	190.9	191.2	191.0	191.0	190.8	190.7	192.6	111.4
2005	191.8	192.7	194.1	194.4	194.5	195.5	196.6	196.9	197.0	198.4	198.5	198.3		

Apparel — **Series ID: CUUR0000SAA**

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Pol Yr	PY2000
2000	126.8	129.2	132.5	133.3	132.2	128.3	124.5	125.3	130.4	132.8	131.8	127.8	128.4	100.0
2001	125.4	128.4	132.2	131.9	129.8	126.3	122.6	122.6	126.8	129.5	128.0	123.7	125.6	97.8
2002	120.4	123.5	128.2	128.8	127.1	122.7	118.7	120.5	124.6	126.8	125.5	121.5	122.5	95.4
2003	118.1	120.6	123.6	123.9	122.5	119.5	116.2	117.2	122.0	124.8	123.1	119.0	120.7	94.0
2004	115.8	118.6	123.5	124.3	123.4	120.1	115.9	116.5	121.2	124.1	123.0	118.8	120.0	93.4
2005	116.1	118.7	123.5	123.7	122.4	118.3	113.8	115.8	120.5	122.7	121.5	117.5		

Recreation — **Series ID: CUUR0000SAR**

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Pol Yr	PY2000
2000	102.3	102.5	102.9	102.9	103.1	103.4	103.7	103.9	103.8	103.8	103.7	103.7	104.1	100.0
2001	104.1	104.3	104.3	105.0	105.0	104.8	105.0	105.1	105.2	105.3	105.5	105.3	105.6	101.4
2002	105.7	105.9	106.1	106.5	106.4	106.2	106.2	106.3	106.2	106.4	106.4	106.5	106.9	102.7
2003	106.9	107.2	107.4	107.4	107.6	107.6	107.7	107.7	107.7	107.6	107.8	107.7	108.1	103.8
2004	107.9	108.4	108.8	109.0	108.8	108.9	108.7	108.5	108.6	108.7	108.7	108.5	109.0	104.7
2005	108.9	109.0	109.0	109.2	109.5	109.1	109.1	109.3	109.7	109.9	109.8	109.7		

Medical Care — **Series ID: CUUR0000SAM**

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Pol Yr	PY2000
2000	255.5	257.0	258.1	258.8	259.4	260.5	261.4	262.6	263.1	263.7	264.1	264.8	266.8	100.0
2001	267.1	268.9	270.0	270.8	271.4	272.5	273.1	274.4	275.0	275.9	276.7	277.3	279.2	104.7
2002	279.6	281.0	282.0	283.2	284.1	284.7	286.6	287.3	287.7	289.2	290.5	291.3	291.3	109.2
2003	292.6	293.7	294.2	294.6	295.5	296.3	297.6	298.4	299.2	299.9	300.8	302.1	303.6	113.8
2004	303.6	306.0	307.5	308.3	309.0	310.0	311.0	311.6	312.3	313.3	314.1	314.9	316.7	118.7
2005	316.8	319.3	320.7	321.5	322.2	322.9	324.1	323.9	324.6	326.2	328.1	328.4		

Mississippi Windstorm Underwriting Association
Extended Coverage (Wind Only) - Mobile Home
Rate Analysis - Effective Date 7/1/2006

Analysis of Loss Trend

	(1)	(2)	(3)	(4)	(5)	(6)
	CPI Components					
Policy Year	*60%* Housing	*20%* Apparel	*20%* Recreation	*0%* Medical	Composite	Current Amount Factor
2000	100.0	100.0	100.0	100.0	100.0	1.064
2001	103.1	97.8	101.4	104.7	101.7	1.047
2002	105.5	95.4	102.7	109.2	102.9	1.034
2003	108.2	94.0	103.8	113.8	104.5	1.019
2004	111.4	93.4	104.7	118.7	106.4	1.000

Loss Trend Projection Factor
Exponential Regression:

(7)	Constant:	98.5
(8)	Slope:	0.0152
(9)	*Annual Trend:*	1.5%
(10)	*Policy Year 2004 Midpoint (Avg. Loss Date):*	12/31/2004
(11)	*Projection Period Midpoint (Avg. Loss Date):*	7/1/2007
(12)	*Loss Projection Factor:*	1.039

NOTES:
(1) through (4) from Exhibit 4, Page 2
(5) = weighted average of (1) through (4)
(6) = [(5), last row] / (5)
(7), (8) are best fit parameters for the logarithm of col. (5)
(9) = exp[(8)] -1
(12) = [1.0 + (9)] ^ [{(11) - (10)} / 365]

Mississippi Windstorm Underwriting Association
Extended Coverage (Wind Only) - Mobile Home
Rate Analysis - Effective Date 7/1/2006

Analysis of Underwriting Expenses

Fixed Expenses

(1)	**Fixed Expenses - All Lines**	1,174,986
(2)	**Mobile Home Percentage of Policy Count**	3.8%
(3)	**Fixed Expenses - Mobile Home**	44,619

Variable Expenses

(4)	**Commission**	11.25%
(5)	**Service Fee**	8.75%
(6)	**Total Variable Expenses**	20.0%

Reinsurance Expense		***Purchased***	***Full Program***
(7)	**Estimated Total Reinsurance Expense**	43,043,508	54,918,508
(8)	**Total Insured Value (All Segments)**	2,061,079,000	2,061,079,000
(9)	**Estimated Blended Rate (All Segments)**	$ 2.088	$ 2.665
(10)	**Mobile Home Segment Relativity**	0.728	0.728
(11)	**Estimated Mobile Home Reinsurance Rate**	$ 1.520	$ 1.939

NOTES:

Expense information provided by MWUA & its reinsurance brokers
(9) = 100 x (7) / (8)
(10) from Exhibit 6, col. (4)

Mississippi Windstorm Underwriting Association
Extended Coverage (Wind Only) - Mobile Home
Rate Analysis - Effective Date 7/1/2006

Exhibit 6

Catastrophe Model Results - RiskLink v 5.0

	(1)	(2)	(3)	(4)
Segment	**Gross Pure Premium**	**Total Insured Value**	**Hurricane Loss Cost**	**Segment Relativity**
Dwelling	5,480,005	1,444,098,674	$ 0.379	0.977
Commercial Fire	1,200,601	273,542,088	$ 0.439	1.130
Mobile Home	30,171	10,677,191	$ 0.283	0.728
Total	6,710,777	1,728,317,953	$ 0.388	

	(5)	(6)	(7)	(8)	(9)	(10)
					MWUA Pure Premium	
Layer	**Gross Pure Premium (All Segments)**	**MWUA Participation**	**MWUA Pure Premium (All Segments)**	**Segment Relativity**	**Purchased Re Program**	**Full Re Program**
$0 - $10M	1,147,190	100.0%	1,147,190	0.728	834,863	834,863
$10M - $30M	1,067,962	0.0%	0	0.728	0	0
$30M - $45M	517,874	10.0%	51,787	0.728	37,688	37,688
$45M - $65M	526,912	25.5%	134,363	0.728	97,782	97,782
$65M - $90M	506,560	15.0%	75,984	0.728	55,297	55,297
$90M - $100M	160,754	10.0%	16,075	0.728	11,699	11,699
$100M - $200M	1,029,340	0.0%	0	0.728	0	0
$200M - $350M	700,420	0.0%	0	0.728	0	0
$350M - $600M	579,369	100.0%	579,369	0.728	421,633	0
> $600M	471,448	100.0%	471,448	0.728	343,095	343,095
Total	6,707,830		2,476,216		1,802,058	1,380,424

(11)	**Model Input TIV:**	1,728,317,953	1,728,317,953	
(12)	**Retained Hurricane Loss Rate:**	$ 0.104	$ 0.080	
(13)	**ALAE Factor:**	1.059	1.059	
(14)	**Loss & ALAE Rate:**	$ 0.110	$ 0.085	

NOTES:

(1), (2), (5), (11) from Amrisc
(3) = 100 x (1) / (2)
(4) = (3) / [(3), total line]
(6) provided by CRC Insurance Services
(7) = (5) x (6)
(8) = (4) for Mobile Home
(9) = (5) x (6) x (8)
(10) = col. (9), adjusted for full reinsurance coverage
(12) = 100 x [(9), total line] / (11)
(13) judgmentally selected by BWR&B, based on MWUA claims from Hurricane Katrina
(14) = (12) x (13)

Mississippi Windstorm Underwriting Association
Rates for Windstorm and Hail Insurance

Mobile Home
Rate (per $100 Coverage)

Current Rate:	$	1.969
Effective Date: July 1, 2006		
Proposed Rate:	$	3.159