

Windpool Survey 2014

Introduction to Wind Pool Survey Report

Sources: The information included here comes mainly from updated responses to a survey of state residual market insurers—wind pools—that write wind-only policies. Where we were able, we supplemented the responses with additional research. Additional sources include:

- State statutes
- Plans of operation
- Manual rules
- Policy forms
- Wind pool websites
- PIPSO 2014 Compendium of Property Insurance Plans
- AON Benfield *Coastal Property Residual Markets Overview (2012)*

Wind Only: The results of this survey contain information only on wind pools that write wind-only or wind & hail-only policies. Although some of the insurers are FAIR Plans, we included only data from their wind-only policies for most questions. We did not include information from plans that do not write wind-only policies because that information does not provide a meaningful comparison to the Texas Windstorm Insurance Association.

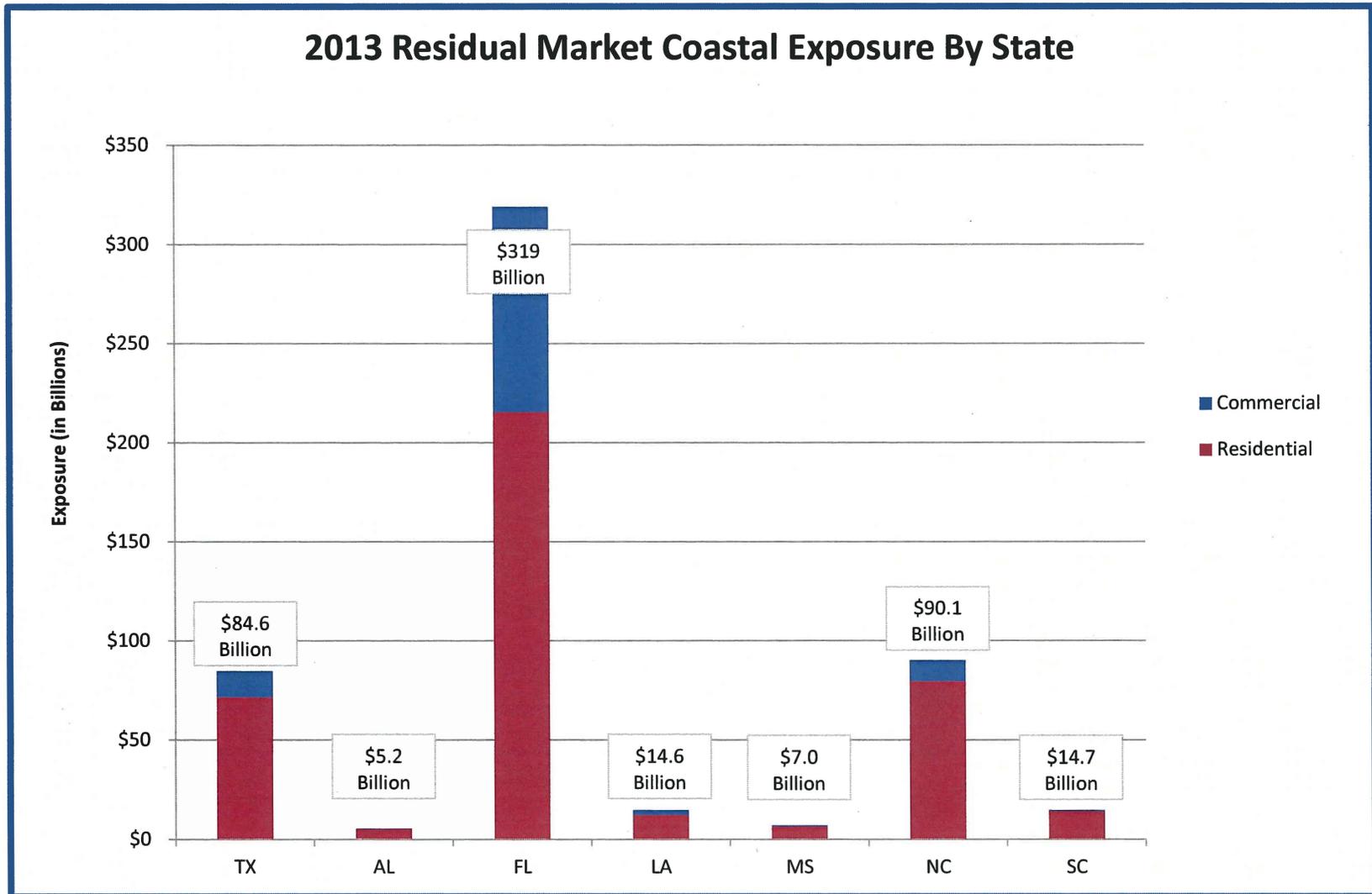
State Responses: We surveyed and received responses from six wind pool states: Alabama, Florida, Louisiana, Mississippi, North Carolina, and South Carolina.

Table of Contents

1. What is the total exposure of the coastal pools in other coastal states as compared to TWIA?	5
2.(a). What are the various elements of coverage that have become available to TWIA policyholders, and when did they become available?	6
2.(b). What are the various elements of coverage that have become available to TWIA policyholders, and when did they become available?	7
3.(a). How does the scope of coverage offered under TWIA differ from or exceed coverage written by private carriers in Texas? (Residential) ..	12
3.(b). How does the scope of coverage offered under TWIA differ from or exceed coverage written by private carriers in Texas? (Commercial). 13	
3.(c). How do the available coverages offered through TWIA compare with those offered by coastal pools in other states? (Residential)	14
3.(d). How do the available coverages offered through TWIA compare with those offered by coastal pools in other states? (Commercial)	15
4.(a). What is the policy limit available in other states' coastal pools, and how does it compare with TWIA?.....	18
4.(b). What is the policy limit available in other states' coastal pools, and how does it compare with TWIA? (detail)	19
5. To what extent do other states' coastal pools rely on reinsurance? How does this compare with Texas?.....	20
6. How do rates in other coastal states' pools compare with TWIA rates?	21
7. Do other states' pools utilize territorial rating?.....	22
8. How do other states handle structures that are non code-compliant? Can the structures be insured, and if so, at a higher rate?	23
9.(a). How does the building code now in effect for TWIA compare with the code in effect in other states, particularly Florida?	23
9.(b). How does the building code now in effect for TWIA compare with the code in effect in other states, particularly Florida?	24
9.(c). How does the building code now in effect for TWIA compare with the code in effect in other states, particularly Florida? (detail)	25
10.(a). How do other coastal states encourage private writings in coastal areas? Are any of them having success? How do their rates and coverages compare with those available in the Texas private market?.....	27
10.(b). How successful have other wind pools been in their depopulation efforts?	28
11.(a). How do deductibles in TWIA compare with other coastal state pools?	29
11.(b). How do deductibles in TWIA compare with other coastal state pools?	30

11.(c). How do deductibles in TWIA compare with other coastal state pools? (detail)	31
12.(a). What is the structure and governance of each wind pool?	33
12.(b). What is the structure and governance of each wind pool? (detail).....	35
13. Do the wind pools provide coverage for structures over water and on barrier islands?	40
14.(a). What are the wind pool policy residential coverage restrictions?.....	41
14.(b). What are the wind pool policy residential coverage exclusions?	44
14.(c). What are the wind pool policy commercial coverage restrictions?	46
14.(d). What are the wind pool policy commercial coverage exclusions?	50
15.(a). What surcharges do the wind pools charge?	52
15.(b). What surcharges do the wind pools charge? (detail)	53
16.(a). What are the funding mechanisms for the wind pools?	56
16.(b). What are the funding mechanisms for the wind pools? (funding charts)	57
16.(c). What are the funding mechanisms for the wind pools? (detail).....	64
17. Does the wind pool cap assessments of members or assessable insurers?.....	69

1. What is the total exposure of the coastal pools in other coastal states as compared to TWIA?



2.(a). What are the various elements of coverage that have become available to TWIA policyholders, and when did they become available?

1972	1976	1981	1982	1993	2001	2006	2011	2012
Texas Standard Policy – Wind and Hail issued for residential and commercial risks. Builders risk coverage available by endorsement.	Mobile Home Windstorm and Hail Insurance Policy approved.	Replacement cost coverage became available for personal property.	Replacement cost coverage for dwellings and commercial buildings approved.	TWIA required to provide coverage for wind-driven rain, ALE, and consequential loss if excluded from the companion policy.	Business income coverage and extra expense coverage approved for commercial policies.	Increased cost of construction approved for dwelling and commercial policies.	Mobile Home Policy discontinued. Mobile home insurance provided on the Dwelling policy by endorsement.	Automatic adjusted building cost endorsement approved for dwelling policies.

For more detailed information, please see next page.

2.(b). What are the various elements of coverage that have become available to TWIA policyholders, and when did they become available?

Texas Windstorm Insurance Association

The following is a brief summary of the various elements of coverage that have become available to TWIA policyholders and when the various elements of coverage became available.

Note: Coverage written through TWIA is subject to a maximum limit of liability.

Section I – TWIA Residential and Commercial Policy Coverage History

Texas Standard Policy – Windstorm and Hail

1972 - 1985 – There was one policy, Texas Standard Policy – Windstorm and Hail, for both residential and commercial risks.

1985 – the Texas Standard Policy – Windstorm and Hail was streamlined by deleting language not applicable to the Texas Catastrophe Property Insurance Association. Coverage remained essentially the same as the coverage provided since 1972. The following is a brief summary of the significant elements of coverage provided by the policy.

Described property is covered for direct loss resulting from the *perils of windstorm and hail*. Described property includes:

- **Buildings** (commercial or residential) – described building.
- **Dwelling extension** – excess insurance on items such as fences, yard fixtures, private garages, servants' houses, and other outbuildings on the premises of the dwelling.

Aggregate of the extension not to exceed 10% of the amount of insurance on the dwelling.

- **Household goods** – personal property usual to a residence.
- **Household goods extension** – up to 10% of the limit for household goods may be used for household goods temporarily removed to any location in U.S., Canada or Mexico or household goods of servants while on premises and of others in the custody of the insured.
- **Stock** – merchandise (finished, in process or unfinished).
- **Furniture, fixtures and/or machinery** – includes improvements and betterments.
- **Contents** – all property covered under stock, furniture, fixtures and/or machinery.
- **Platform clause** – contents on yards immediately adjacent the described building.

The following perils were not covered under the policy.

- **Rain** – whether driven by wind or not, damage to the interior of the building or insured property contained in the building was not covered unless wind or hail first makes an opening in the walls or roof and the insured property or interior of the building is damaged by the rain immediately entering the building through such opening.
- **Loss caused by tidal wave, high water, or overflow** – whether driven by wind or not was not covered.

Actual cash value coverage. The policy paid for loss or damage to covered property on an *actual cash value* basis (replacement cost minus depreciation equals actual cash value). Refer to Section II –

TWIA Other Coverage History replacement cost coverage for further description.

A *deductible* was applied separately to a loss for each item of insurance.

- Dwelling or property located in the dwelling. Deductible was \$250 or 1%, whichever was greater.
- Other than dwelling items, deductible was \$500 or 2%, whichever was greater.

TWIA Dwelling Policy and TWIA Commercial Policy

1999 – to present two separate policies, TWIA Dwelling Policy and TWIA Commercial Policy.

TWIA Dwelling Policy

The following is a brief summary of the significant elements of coverage provided by the TWIA Dwelling Policy.

Described property is covered for direct loss resulting from the *perils of windstorm and hail*. Described property includes:

- **Dwelling** – described dwelling.
- **Other structures on the described location** – Total limit of 10% of the amount of insurance on the dwelling. This is not additional insurance and it does not increase the amount of insurance on the dwelling.
- **Personal property** – personal property usual to a residence. Up to 10% of the limit for personal property may be used for personal property while anywhere in the world. This is not additional insurance and it does not increase the amount of insurance for personal property.

- **Property of others** – at the insured's request, up to 10% of the limit for personal property may be used to cover property of others in the custody of the insured and located on the described premises.

The following perils are not covered under the policy.

- **Rain** – whether driven by wind or not, damage to the interior of the building or insured property contained in the building is not covered unless wind or hail first makes an opening in the walls or roof and the insured property or interior of the building is damaged by the rain immediately entering the building through such opening. Refer to indirect loss coverage below for further description.
- **Loss caused by flood, storm surge, tidal wave, high water, or overflow** – whether driven by wind or not was not covered.
- **Mold** – refer to Section II – TWIA Other Coverage History 2003 below for a description.

Replacement cost coverage. If at the time of a covered loss the limit of insurance for the dwelling is *80% or more of the full replacement cost of the dwelling*, the policy pays the cost to repair or replacement cost of the damaged building(s), *without deduction for depreciation*.

Actual cash value coverage. If at the time of a covered loss the limit of insurance for the dwelling is *less than 80% of the full replacement cost of the dwelling*, the policy pays the cost to repair or replacement cost of the damaged building(s), *less depreciation*.

Deductible. A *deductible* is applied separately to a loss for each item of insurance. Deductible options are \$100, \$250 or 1%.

Optional large deductibles are available at 1.5%, 2%, 2.5%, 3%, 4%, or 5%.

TWIA Commercial Policy

The following is a brief summary of the significant elements of coverage provided by the TWIA Commercial Policy.

Described property is covered for direct physical loss resulting from the *perils of windstorm and hail*. Described property includes:

- **Buildings or other structures** – described building or structure.
- **Business personal property** – business personal property located in or on the building described in the declarations or in the open on the described location. Includes furniture, fixtures, machinery, equipment, stock, or other personal property owned by the insured.
- **Property of others** – personal property of others for which the insured is legally liable, that is sold but not delivered, held in trust or for repairs.
- **Improvements and betterments** – fixtures, alterations, installations, or additions made a part of the building, structure, or condominium.

The following perils are not covered under the policy.

- **Rain** – whether driven by wind or not, damage to the interior of the building or insured property contained in the building is not covered unless wind or hail first makes an opening in the walls or roof and the insured property or interior of the building is damaged by the rain immediately entering the building through such opening.

- **Loss caused by flood, storm surge, tidal wave, high water, or overflow** – whether driven by wind or not was not covered.
- **Mold** – refer to Section II – TWIA Other Coverage History 2003 below for a description.

Actual cash value coverage. The policy pays for loss or damage to covered property on an *actual cash value* basis (replacement cost minus depreciation equals actual cash value). Refer to Section II – TWIA Other Coverage History replacement cost coverage for further description.

Deductible. A *deductible* is applied separately to a loss for each item of insurance. Deductible options are 1%, 2%, or 5%.

Section II – TWIA Other Coverage History

Indirect Loss Coverage

1975 – Form 224, Windstorm, Hurricane and Hail Exclusion Agreement Endorsement, applicable to the voluntary market was amended by the State Board of Insurance so that additional living expense and rental value coverage would be provided by the voluntary writer for the peril of windstorm. **1993** – Form 224 was revised to allow for TWIA to provide coverage for indirect losses.

1993 to present – coverage for indirect losses associated with a dwelling was added by the 73rd Legislature pursuant to HB 1461. A policy written by TWIA that provides coverage for a dwelling must include coverage for wind-driven rain damage, regardless of whether an opening is made by the wind, loss of use (additional living expenses) and consequential losses, if that coverage was excluded from a companion policy in the voluntary market.

TWIA is not required to provide coverage for loss of rents or rental value or additional living expenses when the property is a secondary or a non-primary residence.

Replacement Cost Coverage

1981 – personal property replacement cost endorsement TCPIA-365 (now TWIA-365) was approved for use. This endorsement amended the Standard Policy, for an additional premium, to provide replacement cost coverage for household goods.

1999 – to present - TWIA 164 Replacement Cost Endorsement (without deduction for depreciation) is an optional endorsement for commercial policies that provides replacement cost coverage for commercial buildings insured under the policy.

Prior to the 1999 dwelling and commercial policy rewrite, Form 164, Replacement Cost Endorsement (without deduction for depreciation) was approved for use effective October 1, 1982. This optional endorsement amended the Standard Policy to provide replacement cost coverage for buildings (residential or commercial) insured under the policy.

1999 – to present - Actual Cash Value – Roofs (One or Two Family Dwellings) endorsement TWIA 400 – may be attached to the TWIA dwelling policy to provide actual cash value coverage for a roof that is in marginal condition while maintaining replacement cost coverage for the remainder of the dwelling.

Business Income Coverage

2001 – *Business Income Coverage Endorsement and Extra Expense* endorsement (TWIA 17) was approved by TDI. Provides a maximum

of \$100,000 per building per occurrence for loss of business income due to suspension of operations as a result of a covered event.

Minimum daily limit is \$50 and the maximum daily limit is \$1,000.

Deductible – no coverage applies until 168 hours (7 days) have expired after the loss.

Also, provides an additional \$10,000 in coverage for extra expenses the insured incurs during the period of restoration that they would not have incurred if there had not be a loss.

Mold exclusion

2003 – a mold exclusion was added to the policy to clarify the policy did not provide coverage for damage resulting from mold, including testing or removal costs. However, the exclusion does not apply to mold upon covered property that must be repaired because of sudden and accidental direct damage resulting from wind or hail otherwise covered under the policy.

Increased Cost of Construction

2006 – TDI approved an Extension of Coverage Increased Cost of Construction endorsement (TWIA 431) for dwelling policies and TWIA 432 for commercial policies. These two endorsements replaced the previously utilized endorsement TWIA 430. The endorsements provide coverage for the increased costs that an insured incurs due to the enforcement of any ordinance or law relating to repair of the damaged or undamaged part of a building damaged by windstorm or hail. Also pays for the increased cost in construction to rebuild to the applicable windstorm code in order to maintain insurance through TWIA. Coverage may be purchased in

an amount equal to 5%, 10%, 15%, or 25% of the building limit of insurance.

Automatic Adjusted Building Cost Endorsement

2012 – TDI approved an Automatic Adjusted Building Cost Endorsement (TWIA 220) for dwelling policies. The endorsement automatically adjusts the limit of insurance for the dwelling annually by a percentage established by a building cost index that is applied at each renewal.

Section III – TWIA Mobile Home Coverage History

Mobile Homes

1976 until November 2011 – Special Mobile Home Windstorm and Hail Insurance Policy was approved by SBI. Described property is covered for direct loss resulting from the *perils of windstorm and hail*. Described property includes:

Dwelling on the described location, including structures attached to the dwelling.

Personal property owned or used by the named insured or members of their family residing with the named insured while the personal property is on the described location.

Unlike the Standard Policy for insuring dwellings, the Mobile Home Policy does not cover items such as fences, awnings,

carports, porches, greenhouses, or boathouses whether attached or not.

Also, other outbuildings on the premises of the mobile home must be specifically insured on a dwelling policy.

The policy paid for loss or damage to covered property on an *actual cash value* basis (replacement cost minus depreciation equals actual cash value).

A *deductible* is applied to each loss.

November 2011 – TDI approved endorsement TWIA 411, Conversion to TWIA Manufactured Home Policy. This endorsement amends the TWIA Dwelling Policy to provide essentially the same coverage as previously provided under the Special Mobile Home Windstorm and Hail Insurance Policy.

Section IV – TWIA Builders Risk Coverage History

1972 to present – builders risk coverage may be provided under either the stated value form TWIA 18 or the actual completed value form TWIA 21. Both forms provide coverage for buildings or structures shown in the declarations while in the course of construction. Both forms provide coverage for materials, equipment, supplies, and temporary structures used in the construction of the building or structure.

3.(a). How does the scope of coverage offered under TWIA differ from or exceed coverage written by private carriers in Texas? (Residential)

Residential/Dwelling

Company	Dwelling	Contents	Other Structures	Loss of Use		Replacement Cost		Increased Cost of Construction
				ALE**	CA***	Dwelling	Contents	
TWIA	Yes	Yes	Yes*	Available	No	Yes	Available	Available
Allstate	Yes	Yes	Yes	Yes	Yes	Yes	Available	Yes
Farmers	Yes	Yes	Yes	Yes	Yes	Yes	Available	Yes
State Farm	Yes	Yes	Yes	Yes	Yes	Yes	Available	Available
Travelers	Yes	Yes	Yes	Yes	Yes	Yes	Available	Yes
USAA	Yes	Yes	Yes	Yes	Yes	Yes	Available	Yes

* Not additional insurance – included in dwelling limit of liability

** ALE – Additional Living Expense

*** CA – Provides limited coverage if a civil authority prohibits use of the residence premises because of direct damage to neighboring premises.

Note: Coverage shown as "available" means it is available for an additional premium by an endorsement or listing it separately on the declarations page.

3.(b). How does the scope of coverage offered under TWIA differ from or exceed coverage written by private carriers in Texas? (Commercial)

Commercial

Company	Building	Business Personal Property	Other Structures	Extra Expense		Replacement Cost		Increased Cost of Construction
				Business Income	CA**	Building	Business Personal Property	
TWIA	Yes	Yes	Yes*	Available	No	Available	Available	Available
American Fire & Casualty	Yes	Yes	Available	Available	Yes	Available	Available	Available
Chartis Property Casualty Co.	Yes	Yes	Available	Available	Yes	Available	Available	Available
Philadelphia Indemnity	Yes	Yes	Available	Available	Yes	Yes	Yes	Yes
Travelers Lloyds	Yes	Yes	Available	Available	Yes	Available	Available	Available
Zurich American Insurance Co.	Yes	Yes	Available	Available	Yes	Available	Available	Available

*Limited to boarding, rooming, fraternity, sorority houses, or apartments (8 or less apartments) for fences, drives, walks, outdoor fixtures, garages and other outbuilding used in connection with the building. Included in building limit of liability. Other buildings/structures must be insured separately.

**CA - Provides limited coverage if a civil authority prohibits use of the covered property because of direct damage to neighboring premises.

Forms for use with large risks are exempt from filing (Texas Insurance Code §2301.004) and are not included in this comparison.

Note: Coverage shown as "available" means it is available for an additional premium by an endorsement or listing it separately on the declarations page.

3.(c). How do the available coverages offered through TWIA compare with those offered by coastal pools in other states? (Residential)

Residential/Dwelling

State	Dwelling	Contents	Other Structures	Loss of Use		Replacement Cost		Increased Cost of Construction
				ALE**	CA***	Dwelling	Contents	
Texas	Yes	Yes	Yes*	Available	No	Yes	Available	Available
Alabama	Yes	Yes	Broad – Yes Basic – Yes*	Broad – Yes Basic – No	Yes	Broad – Yes Basic – No	No	Broad – Yes Basic – No
Florida	Yes	Yes	Yes	Yes	Yes	Yes	Available	Yes
Louisiana	Yes	Yes	Dwg 3 – Yes Dwg 1 – Yes*	Dwg 3 – Yes Dwg 1 – No	Yes	Dwg 3 – Yes Dwg 1 – No	No	No
Mississippi	Yes	Yes	Yes	No	No	Yes	Yes	No
North Carolina	Yes	Yes	HO Wind – Yes Dwg – Yes*	HO Wind – Yes Dwg – Available	Yes	HO Wind – Yes Dwg – Available	Available	HO Wind – Yes Dwg – Available
South Carolina	Yes	Yes	Yes*	Yes	No	Available	No	Available

* Not additional insurance – included in dwelling limit of liability

** ALE – Additional Living Expense

*** CA – Provides limited coverage if a civil authority prohibits use of the residence premises because of direct damage to neighboring premises.

Note: Coverage shown as "available" means it is available for an additional premium by an endorsement or listing it separately on the declarations page.

3.(d). How do the available coverages offered through TWIA compare with those offered by coastal pools in other states? (Commercial)

Commercial

State	Building	Business Personal Property	Other Structures	Extra Expense		Replacement Cost		Increased Cost of Construction
				Business Income	CA**	Building	Business Personal Property	
Texas	Yes	Yes	Yes*	Available	No	Available	Available	Available
Alabama	Yes	Yes	Available	No	No	No	No	No
Florida	Yes	Yes	Available	No	No	Yes	Available	No
Louisiana	Yes	Yes	Available	Available	No	Available	Available	No
Mississippi	Yes	Yes	Available	No	No	Available	Available	No
North Carolina	Yes	Yes	Available	Available	No	Available	Available	No
South Carolina	Yes	Yes	Available	Available	No	No	No	No

*Limited to boarding, rooming, fraternity, sorority houses, or apartments (8 or less apartments) for fences, drives, walks, outdoor fixtures, garages and other outbuilding used in connection with the building. Included in building limit of liability. Other buildings/structures must be insured separately.

**CA - Provides limited coverage if a civil authority prohibits use of the covered property because of direct damage to neighboring premises.

Note: Coverage shown as "available" means it is available for an additional premium by an endorsement or listing it separately on the declarations page.

Residential/Dwelling Insurance Coverage Description

Dwelling

The dwelling on the described location shown in the policy declarations page, used principally for dwelling purposes, including structures attached to the dwelling. Materials and supplies located on or next to the described location used to construct, alter or repair the dwelling or other structures on the described location. Building equipment and outdoor equipment used for servicing the described location. Maintenance equipment and supplies, floor coverings, window shades, refrigerators and stoves owned by the owner as a landlord, and located on the described location.

Personal Property

Personal property and business personal property owned or used by the insured or family members residing with the insured while it is on the described location.

Other Structures

Structures on the described location, set apart from the dwelling by clear space. This includes structures connected to the dwelling by only a fence, utility line, or similar connection.

Additional Living Expenses

Provides coverage for any necessary increase in living expenses incurred by the insured to maintain their normal standard of living if the insured dwelling is damaged by a covered loss making the home inhabitable.

Civil Authority

Provides limited coverage if a civil authority prohibits use of the residence premises because of direct damage to neighboring premises.

Replacement Cost

Provides coverage for damaged property based on current replacement cost at time of loss.

Increased Cost of Construction

Provides coverage for the increased costs that an insured incurs due to the enforcement of any ordinance or law relating to repair of the damaged or undamaged part of a building damaged by windstorm or hail.

Commercial Property Insurance Coverage Description

Building

The building or structure described in the policy declarations page. Includes completed additions; fixtures, including outdoor fixtures; permanently installed machinery and equipment; and personal property owned by the insured that is used to maintain or service the building or structure or its premises, including fire extinguishing equipment, outdoor fixtures, floor coverings, and appliances used for refrigerating, ventilating, cooking, dishwashing, or laundering.

Business Personal Property

Business personal property located in or on the building described in the policy declarations page or in the open on the described location. Includes furniture, fixtures, machinery, equipment, stock, or other personal property owned by the insured.

Other Structures

Structures other than the primary building may be insured by describing on the policy declarations page and paying an additional premium.

Extra Expense

Provides compensation for certain expenses associated with the operation of a business because of an unforeseen emergency caused by a covered peril.

Business Income

Loss of business income or rental value due to the necessary suspension of the insured's operations due to damage from a covered peril.

Civil Authority

Provides limited coverage for loss of business income or rental value if a civil authority prohibits use of the covered property because of direct damage to neighboring premises.

Replacement Cost

Provides coverage for damaged property based on current replacement cost at time of loss.

Increased Cost of Construction

Provides coverage for the increased costs that an insured incurs due to the enforcement of any ordinance or law relating to repair of the damaged or undamaged part of a building damaged by windstorm or hail.

4.(a). What is the policy limit available in other states' coastal pools, and how does it compare with TWIA?

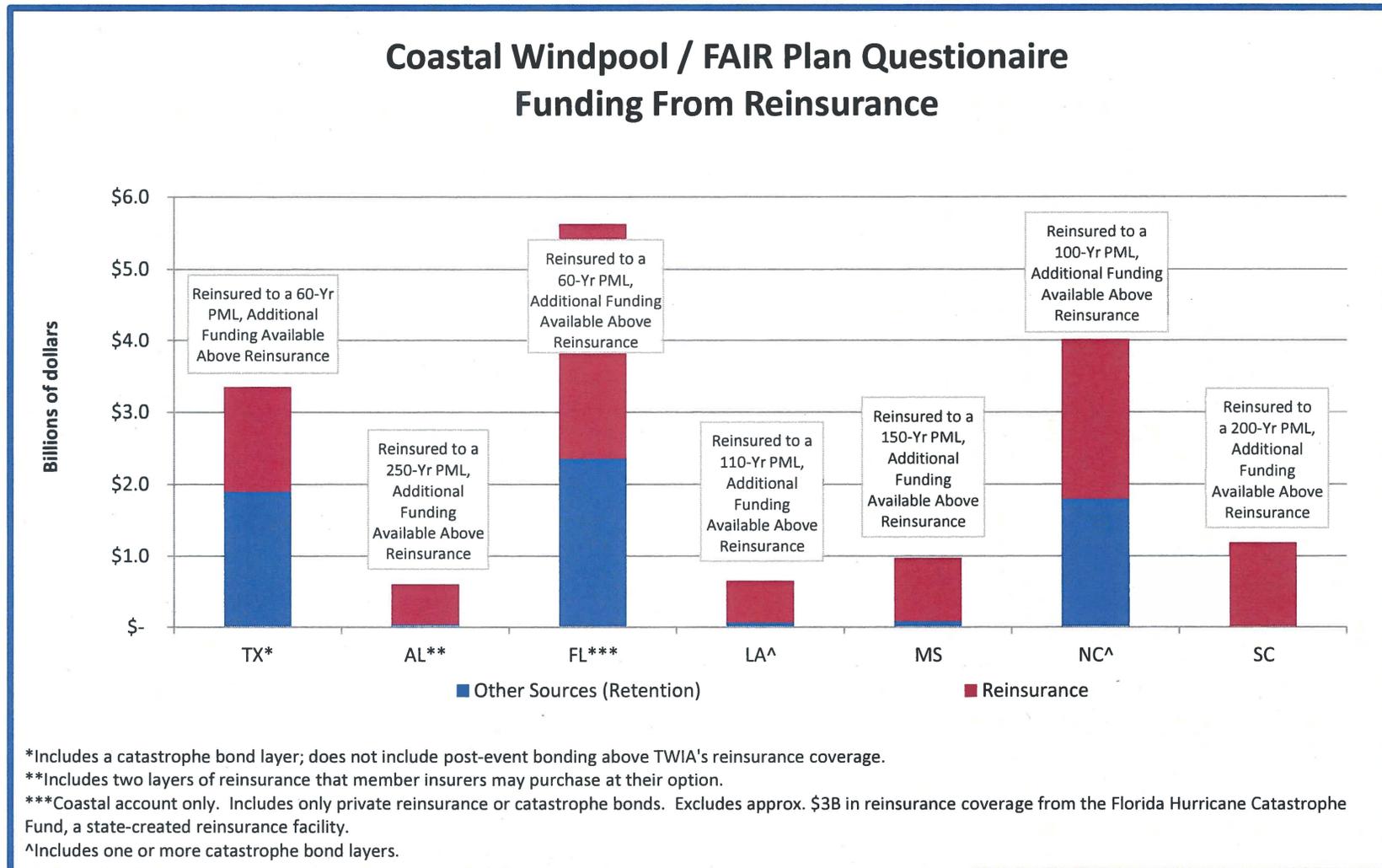


For more detailed information, please see next page.

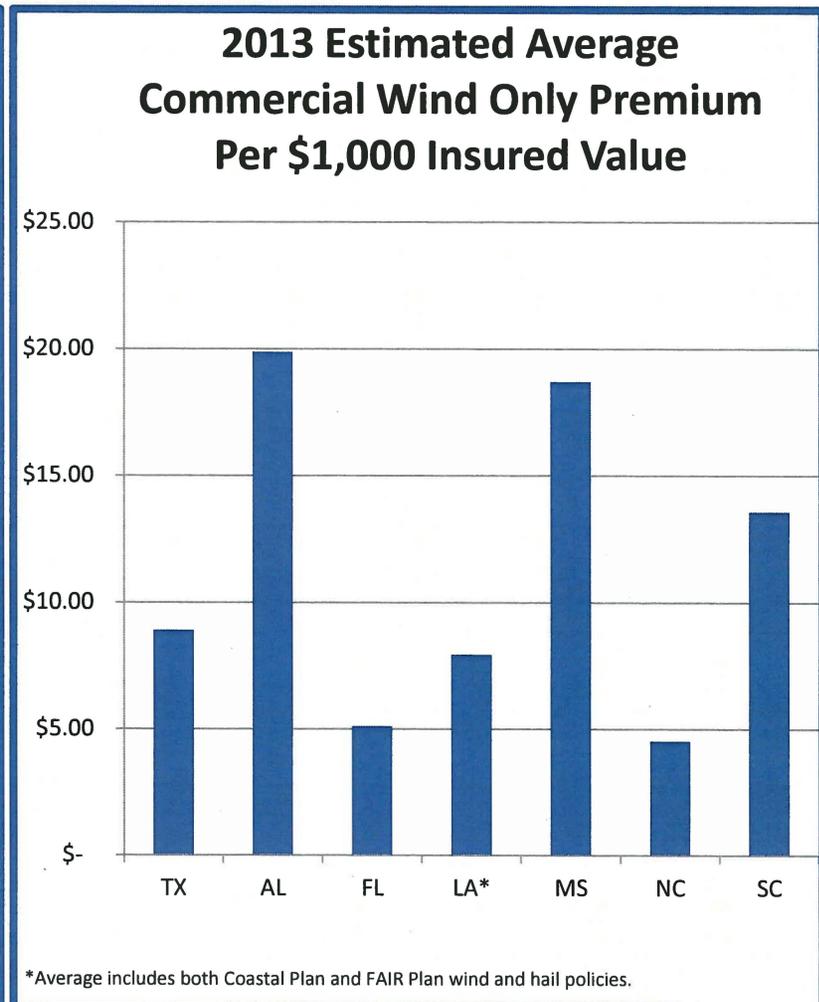
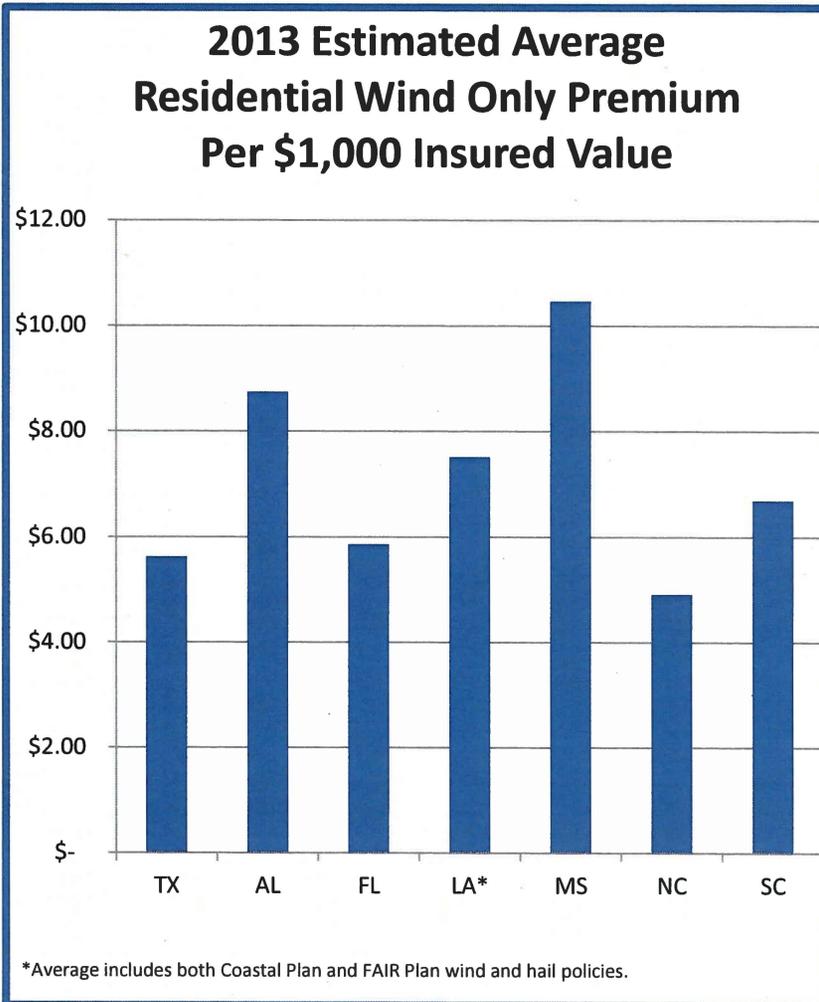
4.(b). What is the policy limit available in other states' coastal pools, and how does it compare with TWIA? (detail)

State	Residential	Commercial
Texas	\$1,773,000 dwelling and contents combined \$374,000 for individually owned personal property located in an apartment, residential condominium, or townhouse unit that is occupied by the owner of that property	\$4,424,000 for each commercial building/structure or public building and the business personal property \$374,000 for individually owned business personal property located in an apartment, residential condominium, or townhouse unit that is occupied by the owner of that property
Alabama	\$500,000 dwelling and contents combined	\$1,000,000/\$300,000 max per location Building and contents combined
Florida	\$1,000,000 dwelling \$500,000 contents Unit owners \$1,000,000 unit and contents combined 100% insurance-to-value requirement	Commercial residential No maximum Commercial non-residential \$1,000,000 building and contents combined
Louisiana	\$750,000 dwelling \$150,000 contents	\$5,500,000 building per location \$2,200,000 contents per location
Mississippi	\$1,000,000 dwelling \$250,000 contents	\$1,000,000 building and contents combined
North Carolina	\$750,000 building, with personal property capped at 40% of dwelling coverage	\$3,000,000 building and contents combined Capped at \$6,000,000 aggregate depending on fire walls
South Carolina	\$1,300,000 dwelling and contents combined	\$2,500,000 building and contents combined

5. To what extent do other states' coastal pools rely on reinsurance? How does this compare with Texas?



6. How do rates in other coastal states' pools compare with TWIA rates?



7. Do other states' pools utilize territorial rating?

State	Uses Territory Rating For		Territories Subdivide Counties
	Residential Business	Commercial Business	
Texas	No ¹	No ¹	No
Alabama	Yes	Yes	Yes
Florida	Yes	Yes	Yes
Louisiana	Yes	Yes	Yes
Mississippi	Yes	Yes	Yes
North Carolina	Yes	Yes	Yes
South Carolina	Yes	Yes	Yes

¹TWIA charges uniform rates in the first tier. However, TWIA has a different rate in the portion of Harris County (Tier 2), where TWIA may write.

8. How do other states handle structures that are non code-compliant? Can the structures be insured, and if so, at a higher rate?

9.(a). How does the building code now in effect for TWIA compare with the code in effect in other states, particularly Florida?

State	Statewide Building Code	Windpool Code	Property Insurable if Non-Compliant?	Surcharge for Non-Compliant	Comparison to Texas Windstorm Building Code
Texas	No	Yes	Yes	15%	---
Alabama	No	Yes	No	N/A	C
Florida	Yes	No	N/A	N/A	S
Louisiana	Yes	No	N/A	N/A	C
Mississippi	No	Yes	No	N/A	C
North Carolina	Yes	No	Yes	No	W
South Carolina	Yes	Yes	No	N/A	C

Key:

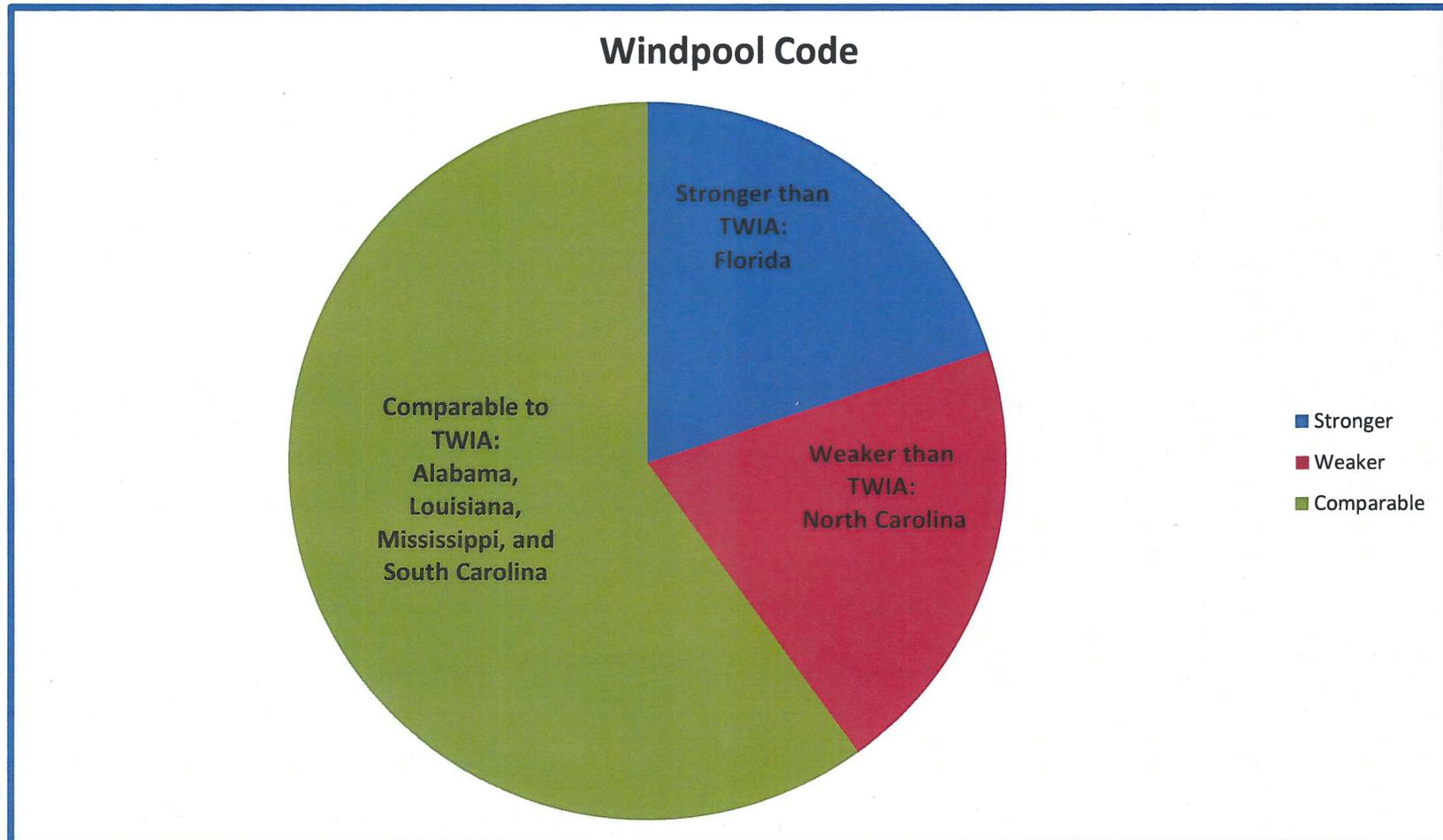
S – Stronger

W – Weaker

C – Comparable

For more detailed information, please see next page.

9.(b). How does the building code now in effect for TWIA compare with the code in effect in other states, particularly Florida?



For more detailed information, please see next page.

9.(c). How does the building code now in effect for TWIA compare with the code in effect in other states, particularly Florida? (detail)

State	Residential Code	Commercial Code	Comparison Comments Relating to High Wind Requirements
Texas (TDI Building Code)	2006 IRC and Texas Revisions	2006 IBC with Texas Revisions	<ul style="list-style-type: none"> • TDI code is for windstorm insurance coverage in coastal counties. • TDI code revisions require windborne debris protection of all exterior openings in the seaward area, regardless if the openings have glazing. International Residential Code (IRC) only requires protection of glazed openings. • TDI building code is comparable to, or in some cases exceeds, the wind load provisions of other state codes with the exception of the High Velocity Hurricane Zones in Miami-Dade and Broward Counties in Florida (HVHZ) areas of the Florida Building Code (FBC).
Alabama	2012 IRC and amendments per county	2012 IBC and amendments per county	<ul style="list-style-type: none"> • The state does not require a statewide, mandatory, residential code. Counties adopt codes and develop amendments. • Institutional buildings are required to meet the International Building Code (IBC). There is no mandatory code enforcement for other building types. • TDI building code is comparable to the wind load provisions in Alabama’s two coastal counties. • Two coastal counties (Mobile and Baldwin) require a sealed roof deck for new construction and re-roofs to mitigate interior water damage. • Mobile and Baldwin counties also require fully sheathed walls with corner straps embedded into the concrete foundation.
Florida	2010 FBC Residential w/ 2012 Supplement	2010 FBC Building w/ 2012 Supplement	<ul style="list-style-type: none"> • The state requires statewide adoption of codes and a product approval system. • The FBC has chapters on HVHZ. • HVHZ requires that roofs, walls, and exterior openings be protected from windborne debris. • The HVHZ portions of the FBC are more stringent than the TDI building code.
Louisiana	Louisiana State Uniform Construction Code (2012 IRC)	Louisiana State Uniform Construction Code (2012 IBC)	<ul style="list-style-type: none"> • The state requires statewide adoption of the Louisiana State Uniform Construction Codes (LSUCCC). • TDI building code comparable to Louisiana wind load provisions.

State	Residential Code	Commercial Code	Comparison Comments Relating to High Wind Requirements
Mississippi	2006 IRC	2006 IBC	<ul style="list-style-type: none"> • Five coastal counties require enforcement of the wind and flood provisions. The provisions are optional in the rest of the state. • Minimum code standard for coastal counties is 2003 IRC/IBC; however, some coastal counties upgraded their codes. <ul style="list-style-type: none"> - Harrison and Jackson use 2012 IBC/IRC - Pearl River uses 2009 IBC/IRC - all other counties use 2003 IBC/IRC codes • TDI building code is comparable to wind load provisions in Mississippi's five coastal counties. • Local jurisdictions have enforcement authority.
North Carolina	2012 NC Residential Code (2009 IRC w/NC amendments)	2012 NC Building Code (2009 IBC w/NC amendments)	<ul style="list-style-type: none"> • The state requires statewide adoption of codes. • The NC Building Code amendment requires windborne debris protection along the outer banks east of the intra-coastal waterway. • NC Residential and Building Code requires an inspection by an engineer or local inspector. A certificate of occupancy is required for all structures prior to occupancy. • TDI building code is more stringent for windborne debris protection and prescriptive high wind construction standards (Chapter 45 of 2012 NC Building Code).
South Carolina	2012 IRC	2012 IBC	<ul style="list-style-type: none"> • The state requires statewide adoption of codes. • TDI building code is comparable to wind load provisions in South Carolina. • The Safe Home Program, administered by South Carolina Department of Insurance, provides grant money for homeowners to upgrade their primary residence for windstorm resistance.

10.(a). How do other coastal states encourage private writings in coastal areas? Are any of them having success? How do their rates and coverages compare with those available in the Texas private market?

State	Incentives For Voluntary Writers			Minimum Rate Requirement	Success ¹
	Reduced Assessments	Take Out Program	Insurer Tax Credits		
Texas	Yes	No	No	No	No/Little
Alabama	Yes	No	Yes ²	No	Too Soon
Florida	Yes	Yes	No ³	No	Successful ⁴
Louisiana	No	Yes	No	Vol. plus 10%	Very
Mississippi	Yes	No	No	No	Limited
North Carolina	Yes	Yes	No	Some ⁵	No Comments
South Carolina	Yes	No	No	No	Successful

¹ Except in the case of Texas, Florida, and North Carolina, “success” means success as determined by the wind pool. See the chart in response to question 10(b) for the decrease (or increase) in wind pool exposures from 12/31/2011 to 12/31/2013. For Texas and Florida, TDI determined success based on exposure data.

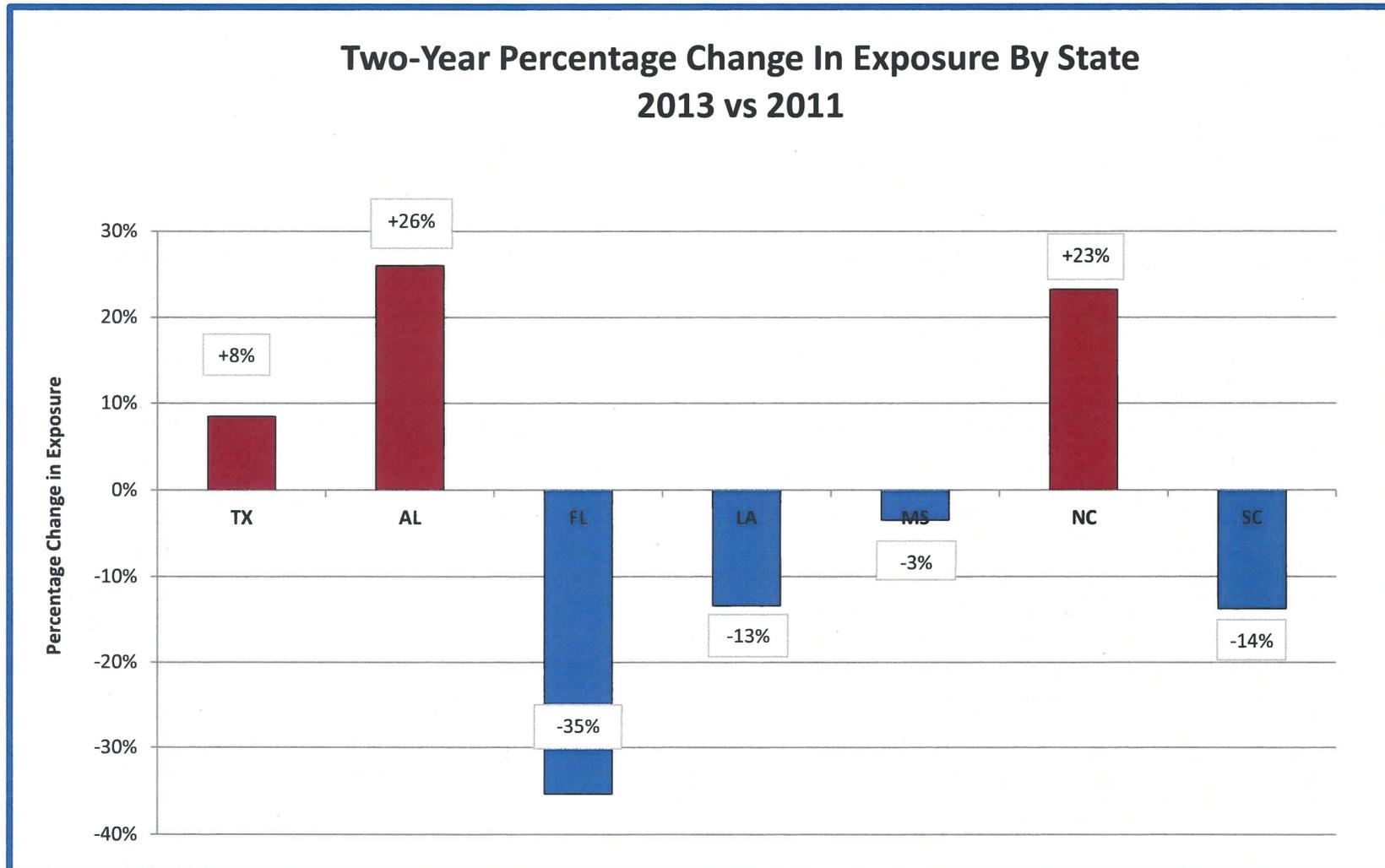
² Insurers may receive a credit to their premium taxes for insuring properties that were previously insured by the wind pool.

³ Insurers that take a certain number of policies or exposures out of Florida Citizens can receive a “take out” bonus from Citizens. In addition, over a period of 3 years insurers can phase in the assessment impact of taking policies out of Citizens.

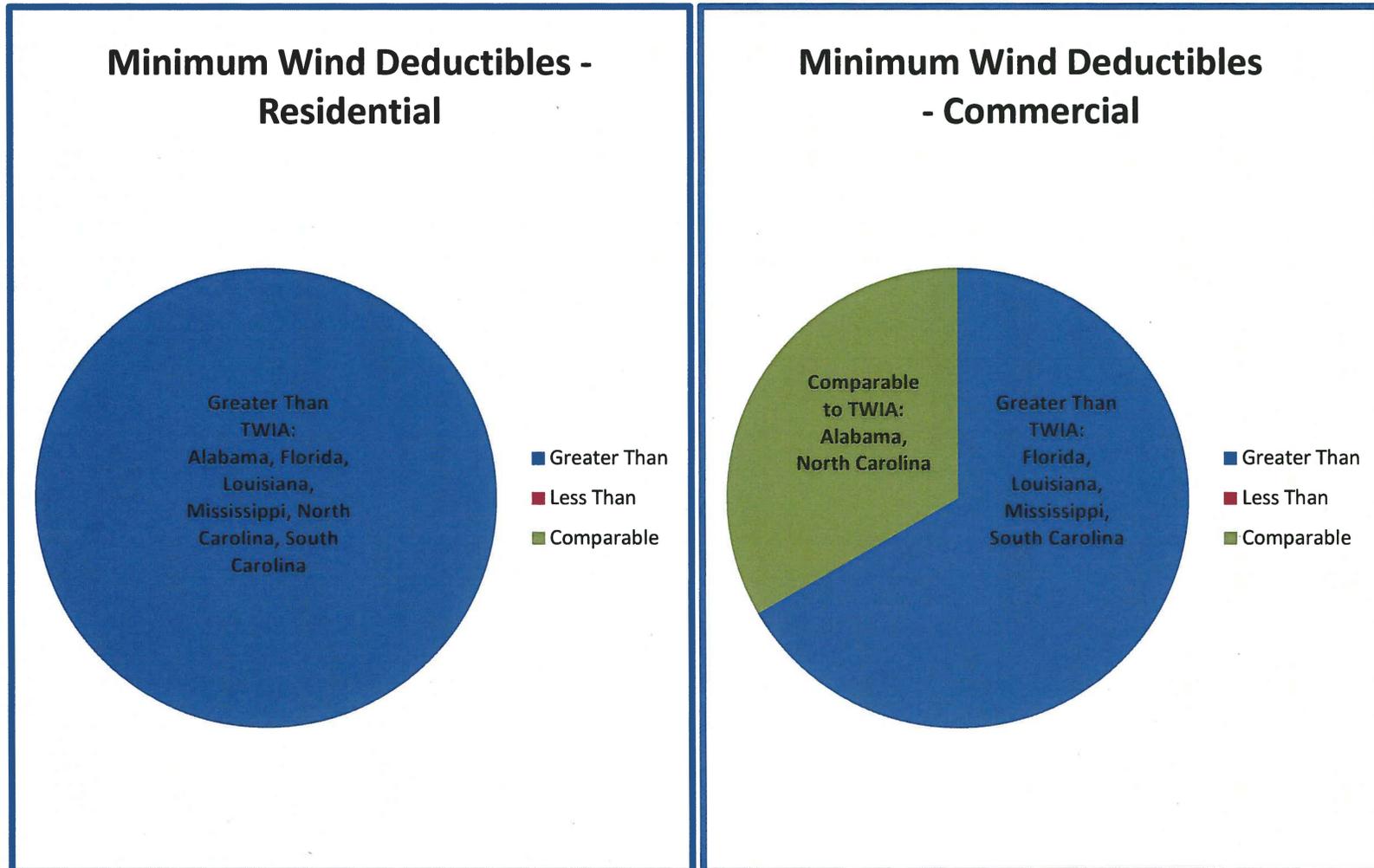
⁴ Florida Citizens did not give an opinion on whether the program was successful. However, they did provide information that insurers have taken out about \$175 billion (about 35%) in exposures since January 2012.

⁵ Wind only rates must be 5% above the North Carolina Rating Bureau wind and hail rates.

10.(b). How successful have other wind pools been in their depopulation efforts?

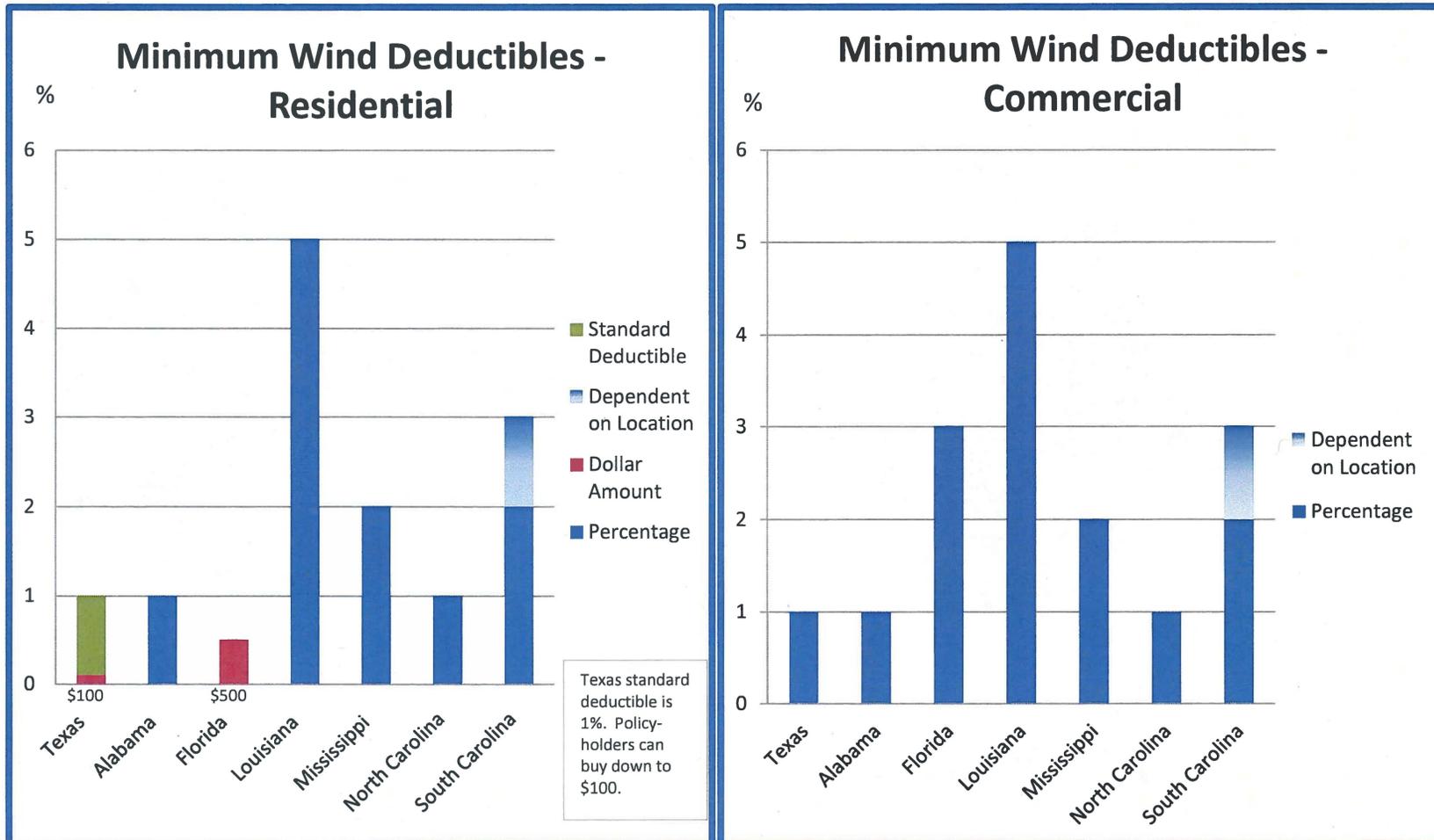


11.(a). How do deductibles in TWIA compare with other coastal state pools?



For more detailed information, please see next page.

11.(b). How do deductibles in TWIA compare with other coastal state pools?



For more detailed information, please see next page.

11.(c). How do deductibles in TWIA compare with other coastal state pools? (detail)

State	Residential – Wind Deductibles	Commercial – Wind Deductibles
Texas	<p>1% standard - per building and/or limit of contents coverage, subject to a minimum deductible of \$100</p> <p>\$100 and \$250 are available for additional premium</p> <p>Optional 1.5%, 2%, 2.5%, 3%, 4%, and 5% deductibles available</p>	<p>1%, 2%, or 5% per building and/or limit of contents coverage, subject to a minimum deductible of \$1,000</p>
Alabama	<p>Minimum 1% wind, hail, and hurricane deductible</p> <p>Optional 2%, 5%, and 10% deductibles available</p>	<p>Minimum 1% wind, hail, and hurricane deductible</p> <p>Optional 2%, 5%, and 10% deductibles available</p>
Florida	<p>Hurricane deductible \$500, 2%, 3%, 4%, 5%, or 10% (minimum of \$500)</p> <p>Other wind deductible \$500, 2%, 3%, 4%, or 5% (minimum of \$500)</p>	<p>Hurricane deductible – commercial residential 3%, 5%, or 10% (minimum of \$1,000)</p> <p>Other wind deductible – commercial residential 1%, 3%, or 5% (minimum of \$1,000)</p> <p>Hurricane deductible – commercial non-residential 3% or 5% (minimum of \$1,000)</p> <p>Other wind deductible – commercial non-residential 3% or 5% (minimum of \$1,000)</p>
Louisiana	<p>Minimum 5% hurricane deductible</p>	<p>Minimum 5% hurricane deductible</p> <p>Separate deductibles apply to each structure and contents and/or limit of contents coverage</p> <p>Optional deductibles – up to \$500,000 based on amount of insurance</p>

State	Residential – Wind Deductibles	Commercial – Wind Deductibles
Mississippi	<p>Minimum 2% named storm deductible</p> <p>Optional 5%, 10%, 15%, and 20% named storm deductibles available</p> <p>Other than named storm deductible: Up to \$500,000 coverage – minimum \$500 More than \$500,000 coverage – minimum \$1,000</p> <p>Optional \$500, \$1,000 and \$2,500 deductibles available for other than named storm</p>	<p>Minimum 2% deductible - named storm and other than named storm</p> <p>Optional 5%, 10%, 15%, and 20% named storm deductibles available</p>
North Carolina	<p>Minimum 1% named storm deductible</p> <p>Other than named storm deductible: Up to \$99,999 coverage – minimum \$500 \$100,000 to \$249,999 coverage – minimum \$1,000 \$250,000 coverage or more – minimum \$2,500</p>	<p>Named storm deductible: Up to \$99,999 coverage – minimum \$1,000 \$100,000 coverage or more – minimum 1%</p> <p>Other than named storm deductible: Up to \$249,999 coverage – minimum \$1,000 \$250,000 coverage or more – minimum \$2,500</p>
South Carolina	<p>Minimum 2% or 3% deductible depending on location</p> <p>Optional 2%, 3%, 4%, 5%, and 10% deductibles available</p>	<p>Minimum 2% or 3% deductible depending on location</p> <p>Optional 2%, 3%, 4%, 5%, and 10% deductibles available</p>

12.(a). What is the structure and governance of each wind pool?

State	Type of Pool, Tax Status ¹	Members or Assessable Insurers ²	Participation in Proportion to Net Direct Premium ³	Total Board Members	Industry	Public	Agent	Gov't
Texas TWIA	Association, Tax exempt	All property insurers ⁴	Yes	10	4 Appointed	5 Appointed	1 Appointed	-
Alabama Alabama Insurance Underwriting Association	Association, Taxable partnership	All property insurers	Yes	11	9 Elected	2 Appointed	-	-
Florida Citizens Property Insurance Corporation	Unincorporated, non-profit, governmental entity Tax exempt	All property insurers	Yes	9 Appointed	-	-	-	-
Louisiana Louisiana Citizens Property Insurance Corporation	Nonprofit corporation, multiple servicing carrier Tax exempt	All property insurers	Yes	16	3 Appointed	7 Appointed	2 Appointed	4 Listed
Mississippi Mississippi Windstorm Underwriting Association	Association, non-profit, Tax exempt	All property insurers	Yes	11	5 Appointed	2 Appointed	3 Appointed	1 Listed
North Carolina North Carolina Insurance Underwriting Association	Association, Tax exempt	All property insurers	Yes ⁵	14	7 Elected	3 Appointed	4 Appointed	-
South Carolina South Carolina Wind and Hail Underwriting Association	Association, Taxable partnership	All property insurers ⁴	Yes	17	11 Elected	4 Appointed	2 Appointed	-

1. Tax status is based on intentions expressed in statutes and on PIPSO 2014 Compendium of Property Insurance Plans.
2. States describe members or assessable insurers variously as property insurers, property & casualty insurers, or fire & extended coverage insurers. All have exceptions for very small companies. All limit the insurers to those in the relevant lines of business, excluding coverages such as medical malpractice, workers' compensation, flood, and crop insurance.
3. All insurers participate in assessments—as members or assessable insurers—in the proportion that the insurer's direct written premium bears to the aggregate statewide direct written premium for those lines of business.
4. There are limited exclusions. See next chart.
5. Participation is proportional to net direct premium outside of beach and coastal areas. The results are likely similar to other states that use statewide premium but give credit for voluntary writing in coastal areas.

For more detailed information, please see next chart

12.(b). What is the structure and governance of each wind pool? (detail)

State	Type of Pool	Members or Assessable Insurers	Participation	Total Board Members	Industry	Public	Agent	Gov't
Texas TWIA	Association Tax exempt	All property insurers, except: (1) insurers prevented by law from writing on a statewide basis coverages available through TWIA; (2) certain farm mutual insurance companies; (3) nonaffiliated county mutual fire insurance companies writing exclusively industrial fire insurance policies; (4) certain mutual insurance companies or statewide mutual assessment companies.	Members participate in the proportion that the net direct premiums of that member during the preceding calendar year bears to the aggregate net direct premiums by all members of the association. Members do not participate in profits.	10	4 Appointed	5 Appointed	1 Appointed	-
				(1) Commissioner appointees, a. 4 industry; b. 4 public from first tier counties, one of whom must be an agent; c. 1 non-coastal county resident; and d. 1 non-voting engineer.				
Alabama Alabama Insurance Underwriting Association	Un-incorporated nonprofit association Taxable partnership	All property insurers writing fire and extended coverage on a direct basis.	Members participate in AIUA's writings, net income, losses, and members surplus, as determined by the proportion that the net direct premiums of a member written in the state during the preceding calendar year bears to the aggregate net direct premiums written in the state by all members of the association in the	11	9 Elected	2 Appointed	-	-
				(1) Commissioner appointees, 1 each from: a. Baldwin County; and b. Mobile County. (2) 9 insurers, elected by the members including 1 each from: a. Property Casualty Insurers Association of America; b. American Insurance Association; and c. National Association of Mutual Insurance Companies.				

State	Type of Pool	Members or Assessable Insurers	Participation	Total Board Members	Industry	Public	Agent	Gov't
Alabama (continued)			preceding calendar year, factored as prescribed by the board.					
Florida Citizens Property Insurance Corporation	Un- incorporated, nonprofit, governmental entity Tax exempt	All insurers authorized to write one or more subject lines of business in this state are subject to assessment. Also, policyholders who buy subject lines from unauthorized or surplus lines are "assessable insureds" and are subject to assessments. "Subject Lines of Business" means insurance written by assessable insurers or procured by assessable insureds for all property and casualty lines of business in this state, except workers' compensation, medical malpractice, flood, or crop insurance.	Assessable insurer's share of assessments is in the proportion that the assessable insurer's direct written premium for the subject lines of business bears to the aggregate statewide direct written premium.	9 Appointed	-	-	-	-
<p>(1) 2 each appointed by:</p> <ul style="list-style-type: none"> a. Chief Financial Officer; b. President of the Senate; and c. Speaker of the House of Representatives. <p>(2) 3 appointed by the Governor.</p>								

State	Type of Pool	Members or Assessable Insurers	Participation	Total Board Members	Industry	Public	Agent	Gov't
Louisiana Louisiana Citizens Property Insurance Corporation	Nonprofit corporation	Assessable insurers are all insurers authorized to write one or more of the following lines of business: fire, allied lines, homeowners' multiperil, the property insurance portion of commercial multiperil policies, and the business interruption insurance portion of commercial multiperil policies or such interruption insurance with respect to commercial properties on a monoline basis.	Assessable insurers participate in assessments in proportion to net direct premium. Assessable insurers do not participate in gains or losses.	16	3 Appointed	7 Appointed	2 Appointed	4 Listed
	Multiple servicing carrier			(1) Commissioner of Department of Insurance ¹ (2) State Treasurer ¹ (3) Chairman of House Committee on Insurance ¹ (4) Chairman of Senate Committee on Insurance ¹ (5) Governor appointees [9], one each from: a. Louisiana Bankers Association; b. Louisiana Home Builders Association; c. Society of Louisiana Certified Public Accountants; d. Louisiana District Attorneys Association; e. At large appointee; f. At large appointee. g. Property Casualty Insurers Association of America; h. American Insurance Association; and i. The largest domestic property insurer in the state. (6) Commissioner appointees, 1 each from: a. Professional Insurance Agents of Louisiana; b. Independent Insurance Agents of Louisiana; and c. Louisiana Chapter of the National Association of Insurance and Financial Advisors.				
Mississippi Mississippi Windstorm Underwriting Association	Independent nonprofit association	Assessable insurers are all insurers writing property insurance on a direct basis.	Assessable insurers participate in assessments in proportion to net direct premium.	11	5 Appointed	2 Appointed	3 Appointed	1 Listed
	Tax exempt			(1) Governor appointees: a. 1 agent; b. 1 assessable insurer; and c. 1 business leader. (2) Lieutenant Governor appointees: a. 1 agent; b. 1 assessable insurer; and				

¹ Or designee.

State	Type of Pool	Members or Assessable Insurers	Participation	Total Board Members	Industry	Public	Agent	Gov't
(Mississippi continued)				c. 1 business leader. (3) Commissioner appointees: a. 1 agent; and b. 3 assessable insurers. (4) State Treasurer.				
North Carolina North Carolina Insurance Underwriting Association	Association Tax exempt	All insurers writing essential property insurance, except: a. town and county mutual insurance associations; b. assessable mutual companies; c. insurers who only write on property exempted from taxation. "Essential Property Insurance" – Property Insurance in Fire Policy, Extended Coverage Endorsement and Vandalism and Malicious Mischief Endorsement. Does not include Crime Insurance, Additional Extended Coverage, Optional Perils Coverage, Business Income and Extra Expense Coverage, or policies of Windstorm and Hail Insurance Only.	Members participate in proportion to net direct premium outside of beach and coastal areas. Members do not have a right to any surplus.	14	7 Elected	3 Appointed	4 Appointed	-
				(1) Commissioner appointees: a. 4 agents b. 3 public members (2) 7 insurers, elected by the members.				

State	Type of Pool	Members or Assessable Insurers	Participation	Total Board Members	Industry	Public	Agent	Gov't
South Carolina South Carolina Wind and Hail Underwriting Association	Association Taxable partnership	All insurers writing property insurance, except: a. insurers whose writings are limited to property wholly owned by parent, subsidiary, or allied organizations; b. insurers whose writings are limited to property wholly owned by religious organizations.	Members participate in proportion to net direct premium. Members participate in writings, expenses, profits, and losses.	17	11 Elected	4 Appointed	2 Appointed	-
				(1) Commissioner appointees: a. 2 agents; and b. 4 public members. (2) 11 insurers, elected by the members.				

13. Do the wind pools provide coverage for structures over water and on barrier islands?

State	Structures Over Water	Structures on Barrier Islands
Texas	Yes	Yes
Alabama	No	Yes
Florida	No	Yes
Louisiana	Yes ¹	Yes
Mississippi	Yes	Yes
North Carolina	Yes	Yes
South Carolina	No	Yes

¹Yes, if structure is accessible by land.

14.(a). What are the wind pool policy residential coverage restrictions?

Several states have more than one residential policy available. We chose to summarize the policy with the broadest coverage, although the other policies may provide some different restrictions. The table omits restrictions that do not seem helpful, and condenses others together.

Blank spaces indicate that the policy does not specifically list the item as property not covered. Some items that are covered may have a special—usually low—limit of liability.

“Extra” means the coverage is excluded but is available by endorsement or if specifically listed on declarations page. This does not necessarily indicate an additional charge. Coverage for excluded items may be available in some states by endorsement or specific listing.

Residential Restriction Summary

Type of Property	TWIA	Alabama	Florida	Louisiana	Mississippi	North Carolina	South Carolina
Accounts, records, books of records, manuscripts	Excludes	Excludes		Excludes	Excludes but manuscripts extra		Excludes
Money, currency, bullion	Excludes	Excludes		Excludes	Excludes but bullion extra		Excludes
Precious metals				Excludes			Excludes
Securities, deeds, evidence of debt	Excludes	Excludes		Excludes	Excludes		Excludes
Credit or debit cards		Excludes	Excludes	Excludes		Excludes	Excludes
Computer data recovery		Excludes		Excludes			Excludes
Paper data recovery		Excludes		Excludes			Excludes
Watercraft & hovercraft	Excludes when outdoors	Excludes except row boats or canoes when indoors	Excludes when outdoors	Excludes except row boats or canoes when indoors		Excludes hovercraft & other watercraft outdoors	Excludes, except row boats and canoes when indoors
Aircraft	Excludes	Excludes	Excludes	Excludes		Excludes	Excludes

Type of Property	TWIA	Alabama	Florida	Louisiana	Mississippi	North Carolina	South Carolina
Motor vehicles except unlicensed used for servicing residence or assisting handicapped	Excludes except if listed & indoors	Excludes	Excludes	Excludes	Extra for outdoor service equipment	Excludes	Excludes
Trailers							Excludes
Contraband							Excludes
Awnings	Extra	Excludes when outdoors	Excludes	Excludes when outdoors	Extra		Excludes when outdoors
Greenhouses	Extra	Excludes			Extra		Excludes
Outdoor statuary, monuments, fountains		Excludes gravemarkers and mausoleums	Excludes				
Bridges & decks			Excludes if detached				Excludes
Pergolas, cabanas, trellises, gazebos		Excludes	Excludes		Extra		Excludes
Signs		Excludes when outdoors	Excludes	Excludes when outdoors	Extra		Excludes when outdoors
Walkways, dunewalks, ramps		Excludes	Excludes unless attached				Excludes
Fences		Excludes			Extra		Excludes
Retaining, breakaway, or property walls	Excludes breakaway walls and contents	Excludes	Excludes		Extra		Excludes property line walls, including seawalls, revetments & retaining walls
Radio & tv antennas, towers, dishes	Extra	Excludes when outdoors	Excludes	Excludes when outdoors	Extra		Excludes when outdoors
Free standing smokestacks & silos			Excludes		Extra		Excludes, except silos
Underground pipes, flues or drains							Excludes

Type of Property	TWIA	Alabama	Florida	Louisiana	Mississippi	North Carolina	South Carolina
Windmills & wind chargers	Extra, but excludes wind turbines		Excludes		Extra		Excludes
Damage to interior by weather conditions (unless opening caused by wind or hail)	Excludes if caused by rain	Excludes	Excludes	Excludes	Excludes	Excludes	Excludes
Exterior paint or waterproofing		Excludes	Excludes				Excludes
Lawns, trees, shrubs, plants		Excludes when outdoors	Excludes		Extra		Excludes when outdoors
Growing crops	Extra		Excludes		Extra		Excludes
Other structures used as rental property		Excludes	Excludes	Excludes		Excludes	Excludes
Other structures used for business	Excludes	Excludes	Excludes	Excludes		Excludes	Excludes
Structure used for business	Excludes	Excludes		Excludes			Excludes
Structures over water	Extra	Excludes	Excludes		Extra		Excludes
Property specifically covered by other insurance	Excess to primary coverage		Excludes			Excludes	Excess to primary coverage

14.(b). What are the wind pool policy residential coverage exclusions?

Several states have more than one residential policy available. We chose to summarize the policy with the broadest coverage, although the other policies may provide some different exclusions.

All residential policies exclude war, nuclear hazard, and power failure. The table omits exclusions that do not seem helpful, and condenses others together. It does not list many perils that are listed as exclusions, but are not covered perils under the wind-only policy, such as fire, theft, and explosion.

Blank spaces indicate that the policy does not specifically list the item as property not covered. Some items that are covered may have a special—usually low—limit of liability.

“Extra” means the coverage is excluded but is available by endorsement or if specifically listed on declarations page. This does not necessarily indicate an additional charge. Coverage for excluded items may be available in some states by endorsement or specific listing.

Residential Exclusion Summary

Cause of Loss	TWIA	Alabama	Florida	Louisiana	Mississippi	North Carolina	South Carolina
Surface water, flood, tides, waves	Excludes	Excludes	Excludes	Excludes	Excludes	Excludes	Excludes
Sewer or drain backup		Excludes	Excludes	Excludes	Excludes	Excludes	Excludes
Accidental discharge (leaking plumbing, heating, a/c, fire sprinkler)					Excludes unless caused by wind or hail		Excludes unless caused by wind or hail
Underground water		Excludes	Excludes	Excludes	Excludes	Excludes	Excludes
Water or steam		Excludes	Excludes			Excludes	Excludes
Electrical surge	Excludes						
Mechanical breakdown			Excludes			Excludes	Excludes
Mold, fungi, & micro-organisms	Excludes, unless on property damaged by wind or hail	Excludes, unless caused by wind, hail, or hurricane	Excludes, unless caused by wind or hail		Excludes		Excludes
Intentional loss		Excludes	Excludes	Excludes		Excludes	Excludes
Neglect		Excludes	Excludes	Excludes	Excludes	Excludes	Excludes

Cause of Loss	TWIA	Alabama	Florida	Louisiana	Mississippi	North Carolina	South Carolina
Existing damage			Excludes				
Latent defect, wear & tear			Excludes			Excludes	Excludes
Fixtures close to tide line			Excludes				Excludes
Defective design or construction				Excludes		Excludes	Excludes
Asbestos	Excludes						
Earth movement		Excludes	Excludes	Excludes	Excludes	Excludes	Excludes
Government or civil authority action	Excludes	Excludes	Excludes	Excludes	Excludes	Excludes	Excludes
Ordinance or Law	Excludes	Excludes, except increased cost of construction	Excludes, except increased cost of construction	Excludes		Excludes, except increased cost of construction	Excludes

14.(c). What are the wind pool policy commercial coverage restrictions?

Several states have more than one commercial policy available. We chose to summarize the policy with the broadest coverage, although the other policies may provide some different restrictions.

All commercial policies exclude war, nuclear hazard, and power failure. The table omits exclusions that do not seem helpful, and condenses others together. It does not list many perils that are listed as exclusions, but are not covered perils under the wind-only policy, such as fire, theft, and explosion.

Blank spaces indicate that the policy does not specifically list the item as property not covered. Some items that are covered may have a special—usually low—limit of liability.

“Extra” means the coverage is excluded but is available by endorsement or if specifically listed on declarations page. This does not necessarily indicate an additional charge. Coverage for excluded items may be available in some states by endorsement or specific listing.

Commercial Restriction Summary

Type of Property	TWIA	Alabama	Florida	Louisiana	Mississippi	North Carolina	South Carolina
Accounts, records, books of records, manuscripts	Extra but excludes accounts	Excludes accounts	Excludes	Excludes accounts	Excludes but manuscripts extra	Excludes accounts	Excludes
Money, currency	Excludes	Excludes	Excludes	Excludes	Excludes	Excludes	Excludes
Securities, deeds, evidence of debt	Excludes	Excludes	Excludes	Excludes	Excludes	Excludes	Excludes
Bullion	Extra		Excludes		Extra		Excludes
Items made of precious metals			Excludes				
Credit & debit cards			Excludes				
Computer data recovery	Excludes (by implication)	Extra	Excludes	Extra			Excludes
Paper data recovery		Extra	Excludes	Extra		Extra	Excludes

Type of Property	TWIA	Alabama	Florida	Louisiana	Mississippi	North Carolina	South Carolina
Business personal property		Excludes while airborne or waterborne	Excludes while airborne, waterborne, or in transit	Excludes while airborne or waterborne	Excludes while waterborne	Excludes while airborne or waterborne	Excludes while airborne, waterborne, in transit, or below ground
Watercraft & hovercraft	Extra unless indoors on land	Excludes unless held for sale, processed, manufactured, warehoused; & row boats and canoes on location out of water	Excludes except inventory & row boats and canoes on location out of water	Excludes unless held for sale, processed, manufactured, warehoused; row boats and canoes on location out of water	Excludes unless held for sale; row boats and canoes on location out of water	Excludes unless held for sale, processed, manufactured, warehoused; row boats and canoes on location out of water	Excludes boats held for sale
Aircraft	Extra	Held for sale, processed, manufactured, or warehoused are covered	Excludes except inventory indoors	Held for sale, processed, manufactured, or warehoused are covered	Excludes	Excludes unless held for sale, processed, manufactured, or warehoused	Excludes aircraft held for sale
Automobiles held for sale		Excludes		Excludes		Excludes	Excludes
Motor vehicles	Extra except for lawn & garden, golf carts, ATVs on location, forklifts, and equipment for assisting handicapped	Excludes licensed or used away from location except when manufactured, processed or warehoused	Excludes except indoor small service machinery or equipment, equipment for handicapped	Excludes licensed or used away from location except when manufactured, processed or warehoused	Extra	Excludes licensed or used away from location except when manufactured, processed or warehoused	Excludes vehicles held for sale
Small service machinery or equipment, equipment for handicapped	Extra unless indoors	Covers unlicensed motor vehicles held for sale, manufactured, processed or warehoused	Excludes motor vehicles; covers unlicensed motor vehicles used indoors	Excludes automobiles held for sale; covers unlicensed motor vehicles held for sale, manufactured, processed or warehoused		Excludes automobiles held for sale; covers unlicensed motor vehicles held for sale, manufactured, processed or warehoused	Excludes vehicles held for sale
Trailers			Extra			Extra	
Amusement equipment			Excludes				
Contraband		Excludes	Excludes	Excludes		Excludes	Excludes

Type of Property	TWIA	Alabama	Florida	Louisiana	Mississippi	North Carolina	South Carolina
Animals	Extra	Excludes unless inventory	Excludes unless inventory indoors	Excludes unless inventory indoors	Excludes unless held for sale	Excludes unless inventory indoors	Excludes unless inventory indoors
Awnings	Extra		Excludes		Extra		Excludes
Bridges		Excludes	Excludes	Excludes		Excludes	Excludes
Drives & walkways	Extra	Excludes	Excludes	Excludes	Extra	Excludes	Excludes
Fences	Excess to primary	Excludes	Extra	Excludes	Extra	Excludes	Excludes
Greenhouses	Extra		Extra		Extra		Excludes
Pergolas, cabanas, trellises, gazebos			Excludes but cabanas extra		Extra		Excludes
Swimming pools & jacuzzis			Extra		Extra		Excludes
Steeple & fountains			Excludes				
Patios		Excludes	Excludes	Excludes		Excludes	Excludes
Retaining walls, breakaway walls unless part of building	Excludes breakaway walls	Excludes	Excludes	Excludes	Extra	Excludes	Excludes
Radio & tv antennas, towers, dishes	Extra	Excludes when outdoors	Excludes	Excludes when outdoors	Extra	Excludes when outdoors	Excludes when outdoors
Signs	Extra	Excludes when outdoors unless attached to building	Excludes	Excludes when outdoors unless attached to building	Extra		Excludes when outdoors unless attached to building
Free-standing smokestacks & silos	Smokestacks extra		Excludes		Extra		Excludes
Underground pipes, flues or drains		Excludes	Excludes	Excludes	Extra	Excludes	Excludes
Windmills & chargers	Extra, but excludes wind turbines		Excludes		Extra		Excludes
Damage by weather conditions to inside of building or contents inside a building	Excludes rain unless damage caused by wind or hail	Excludes unless damage caused by wind or hail	Excludes unless damage caused by wind or hail	Excludes unless damage caused by wind or hail	Excludes unless opening caused by wind or hail	Excludes unless opening caused by wind or hail	Excludes unless opening caused by wind or hail
Exterior paint & waterproofing		Excludes	Excludes				Excludes
Growing crops & lawns		Excludes	Excludes	Excludes	Extra	Excludes	Excludes

Type of Property	TWIA	Alabama	Florida	Louisiana	Mississippi	North Carolina	South Carolina
Trees & shrubs		Excludes	Excludes	Excludes except inventory	Extra	Excludes except inventory	Excludes except inventory indoors
Dirt work		Excludes	Excludes	Excludes	Extra	Excludes	Excludes
Foundations		Excludes foundations when below basement or ground	Excludes when below basement or ground	Excludes when below basement or ground			
Structures, machinery, or boilers below ground		Excludes when below basement or ground	Excludes when below basement or ground	Excludes foundations when below basement or ground	Excludes foundations when below basement or ground	Excludes when below basement or ground	Excludes when below basement or ground
Structures over water	Extra		Extra				Excludes
Property specifically covered by other insurance	Excess to primary coverage	Excess to primary coverage		Excess to primary coverage	Excess to primary coverage	Excess to primary coverage	Excess to primary coverage

14.(d). What are the wind pool policy commercial coverage exclusions?

Some states have more than one commercial policy available. We chose to summarize the policy with the broadest coverage, although the other policies may provide some different exclusions.

All commercial policies exclude losses caused by war, nuclear hazard, ordinance or law, power failure, and government or civil authority action. The table omits exclusions that do not seem helpful, and condenses others together. It does not list many perils that are listed as exclusions, but are not covered perils under the wind-only policy, such as fire, theft, and explosion.

Blank spaces indicate that the policy does not specifically list the item as property not covered. Some items that are covered may have a special—usually low—limit of liability.

“Extra” means the coverage is excluded but is available by endorsement or if specifically listed on declarations page. This does not necessarily indicate an additional charge. Coverage for excluded items may be available in some states by endorsement or specific listing.

Commercial Exclusion Summary

Cause of Loss	TWIA	Alabama	Florida	Louisiana	Mississippi	North Carolina	South Carolina
Surface water, flood, tides, waves	Excludes	Excludes	Excludes	Excludes	Excludes	Excludes	Excludes
Sewer or drain backup		Excludes	Excludes unless caused by wind or hail	Excludes	Excludes	Excludes	Excludes
Accidental discharge (leaking plumbing, heating, a/c, fire sprinkler)		Excludes unless caused by wind or hail	Excludes sprinkler leakage				
Sudden & accidental tearing apart (hot water system, a/c, fire sprinkler)		Excludes unless caused by wind or hail	Excludes unless caused by wind or hail	Excludes unless caused by wind or hail			
Underground water		Excludes	Excludes	Excludes	Excludes	Excludes	Excludes
Fixtures close to tide line	Extra	Excludes	Excludes	Excludes	Extra	Excludes	Excludes
Steam explosion		Excludes		Excludes			
Electrical surge	Excludes	Excludes	Excludes	Excludes	Excludes		

Cause of Loss	TWIA	Alabama	Florida	Louisiana	Mississippi	North Carolina	South Carolina
Mold, fungi, & microorganisms	Excludes, unless on property damaged by wind or hail	Excludes unless result of wind or hail	Excludes		Excludes	Excludes unless caused by wind or hail	Excludes
Asbestos	Excludes						
Business income/ extra expense	Excludes		Excludes				Extra
Mechanical breakdown		Excludes	Excludes	Excludes			Excludes
Pollutant discharge			Excludes unless caused by covered peril				Excludes
Consequential losses			Excludes				Excludes
Intentional loss			Excludes				
Neglect after covered event			Excludes		Excludes	Excludes	
Existing damage			Excludes				
Latent defect, wear & tear			Excludes				Excludes
Defective design or construction			Excludes				Excludes
Earth movement		Excludes	Excludes	Excludes	Excludes	Excludes	Excludes
Acts or decisions by person, group or government	Excludes	Excludes	Excludes	Excludes	Excludes	Excludes	Excludes for building

15.(a). What surcharges do the wind pools charge?

State	Premium Surcharges to Fund Losses?		Surcharges for Reasons Other than Funding Shortfalls
	Plan policyholders	Statewide policyholders	
Texas	Yes ¹	No	Yes
Alabama	No	No	No
Florida	Yes ²	Yes ²	Yes
Louisiana	Yes ²	Yes ²	No
Mississippi	Yes ³	Yes ³	No
North Carolina	Yes	Yes	No
South Carolina	No	No	No

For more detailed information, please see next page.

¹ All coastal property and auto policies, including plan policyholders, to pay 70% of Class 2 public securities.

² Louisiana and Florida assess insurers who then surcharge policyholders to recoup the assessments.

³ Mississippi assesses insurers, then statewide insurers surcharge policyholders, remit the surcharges to MWUA, and MWUA reimburses assessed carriers.

15.(b). What surcharges do the wind pools charge? (detail)

State	Premium Surcharges to Fund Losses?		Surcharges for Reasons Other than Funding Shortfalls
	Plan policyholders	Statewide policyholders	
Texas	Yes – all coastal property and casualty and auto policyholders, to repay 70% of Class 2 public securities.	No	Yes, for structures that do not comply with the building code.
Alabama	No	No	No
Florida	<p>Yes – Deficit financing:</p> <p>1. Citizen’s policyholders are the first to be surcharged if a deficit occurs. Surcharge for wind pool account may be up to 15% of policyholder premium.</p> <p>3. Statewide policyholder surcharge, after regular assessment surcharge. Surcharge for wind pool account may be up to 10% of policyholder premium, but can be spread over multiple years.</p>	<p>Yes – Deficit financing:</p> <p>2. Surcharge for insurers to recoup Regular Assessments, after policyholder surcharge. Surcharge for wind pool account may be up to 6% of policyholder premium. This surcharge includes surplus lines policyholders, but not Citizen’s policyholders.</p> <p>3. Statewide policyholder surcharge, after regular assessment surcharge. Surcharge for wind pool account may be up to 10% of policyholder premium, but can be spread over multiple years.</p>	<p><i>Emergency Management Preparedness and Assistance Trust Fund (EMPA)</i></p> <p>Florida imposes a \$2 surcharge on each personal multi-peril policy, and \$4 on each commercial multi-peril policy to fund emergency management preparedness, communications, and training.</p>

State	Premium Surcharges to Fund Losses?		Surcharges for Reasons Other than Funding Shortfalls
	Plan policyholders	Statewide policyholders	
Florida (continued)	<p><i>Catastrophe Financing/Reinsurance Surcharge</i></p> <p>This surcharge enables Citizens to purchase reinsurance and bonds to pay claims resulting from a catastrophe. It only applies to personal and commercial wind only policies.</p>		<p><i>Fire College Trust Fund</i></p> <p>Each insurer that provides fire coverage, including the wind pool, must surcharge its commercial property policies to contribute to this fund. The fund provides fire and hazardous waste training for fire departments throughout Florida.</p>
			<p><i>Tax-Exempt Surcharge</i></p> <p>Although the State of Florida exempts its wind pool from paying premium taxes, Florida's wind pool surcharges its policyholders 1.75 percent to maximize its financial resources.</p> <p><i>Guaranty Association Assessment</i></p> <p>This surcharge is to recoup assessments paid to the Florida Insurance Guaranty Association. As of 2012, it was set at 0.9%.</p>

State	Premium Surcharges to Fund Losses?		Surcharges for Reasons Other than Funding Shortfalls
	Plan policyholders	Statewide policyholders	
Florida (continued)			<p><i>Florida Hurricane Catastrophe Fund (FHCF) Assessment</i></p> <p>This surcharge is to recoup assessments paid to Florida's state reinsurance pool to service post-hurricane debt from the 2004 hurricane season. This surcharge will end effective January 1, 2015.</p>
Louisiana	<p>Yes – Market equalization charge for regular assessments.</p> <p>Surcharges for Emergency Assessments to pay debt service on bonds.</p>	<p>Yes – Surcharge for insurers to recoup regular assessments.</p> <p>Surcharges for Emergency Assessments to pay debt service on bonds.</p>	No
Mississippi	Yes – to recoup Regular Assessments back to carriers and to pay bonds if issued.	Yes – to recoup Regular Assessments back to carriers and to pay bonds if issued.	No
North Carolina	Yes – after \$1 billion in nonrecoupable assessments to insurers, a catastrophe recovery charge to each policyholder, not to exceed 10% of premium.	Yes – after \$1 billion in nonrecoupable assessments to insurers, a catastrophe recovery charge to each policyholder, not to exceed 10% of premium.	No
South Carolina	No	No	No

16.(a). What are the funding mechanisms for the wind pools?

State	Retained Earnings	Assessments	Reinsurance	Bonds
Texas	Yes	Limited ¹	Yes	Yes
Alabama	Yes	Unlimited	Yes	Yes
Florida	Yes	Limited	Yes	Yes
Louisiana	Yes	Limited	Yes	Yes
Mississippi	Yes	Limited	Yes	Yes
North Carolina	Yes	Limited	Yes	Yes
South Carolina	Yes	Unlimited	Yes	No

¹Assessments pay for 30% of Class 2 bonds, and 100% of Class 3 bonds. Coastal policyholders pay the remaining 70% of Class 2 bonds through premium surcharges.

For more detailed information, please see next page.

16.(b). What are the funding mechanisms for the wind pools?* (funding charts)

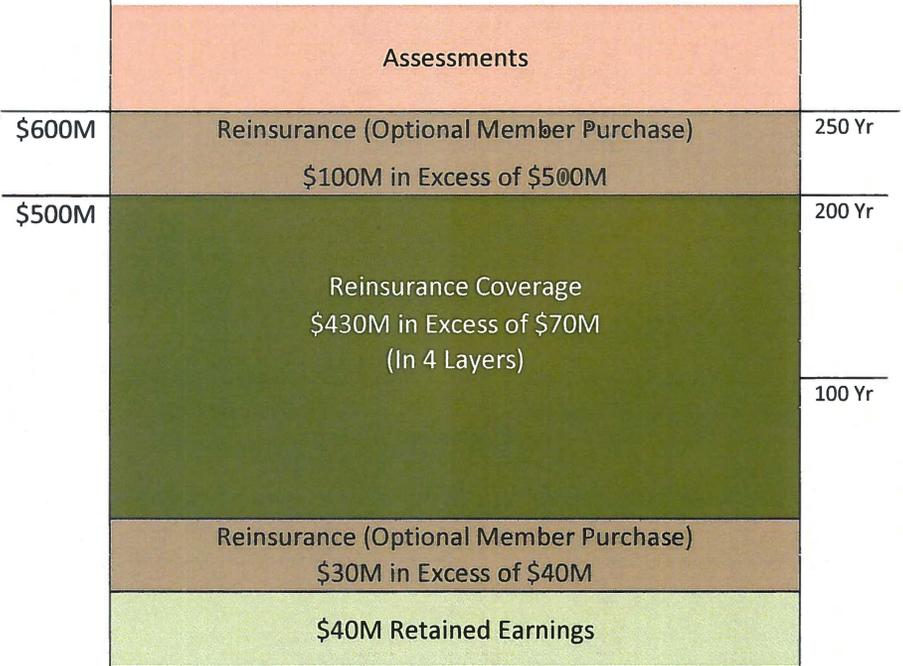
*All charts show funding for the first event. Different reinsurance retentions and coverage may apply for second and subsequent hurricane events.

**2014 WIND POOL FUNDING
TEXAS**

	Unknown Funding Source			
\$3.85B	Class 3 Post-Event Bonds Up to \$500M Authorized (Paid by Insurer Assessments)	70-Yr		
\$3.35B	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; text-align: center; vertical-align: middle;">Catastrophe Bonds \$400M</td> <td style="width: 67%; text-align: center; vertical-align: middle;">Reinsurance \$1.05B (in 2 Layers)</td> </tr> </table>	Catastrophe Bonds \$400M	Reinsurance \$1.05B (in 2 Layers)	60-Yr
Catastrophe Bonds \$400M	Reinsurance \$1.05B (in 2 Layers)			
\$1.9B	Class 2 Post-Event Bonds Up to \$1.0B Authorized (Paid by Premium Surcharges to Coastal Policyholders, Wind Pool Policyholders, and Insurer Assessments)			
\$900M	Class 1 Post-Event Bonds An Additional \$500M in Funding Authorized ¹ (Paid by Wind Pool Policyholders)			
\$900M	Class 1 Pre-Event Bonds \$500M (Paid by Wind Pool Policyholders)			
\$400M	Premiums and Catastrophe Reserve Trust Fund (Retained Earnings) \$400M			

¹This layer of bonds is authorized, but may not be marketable.

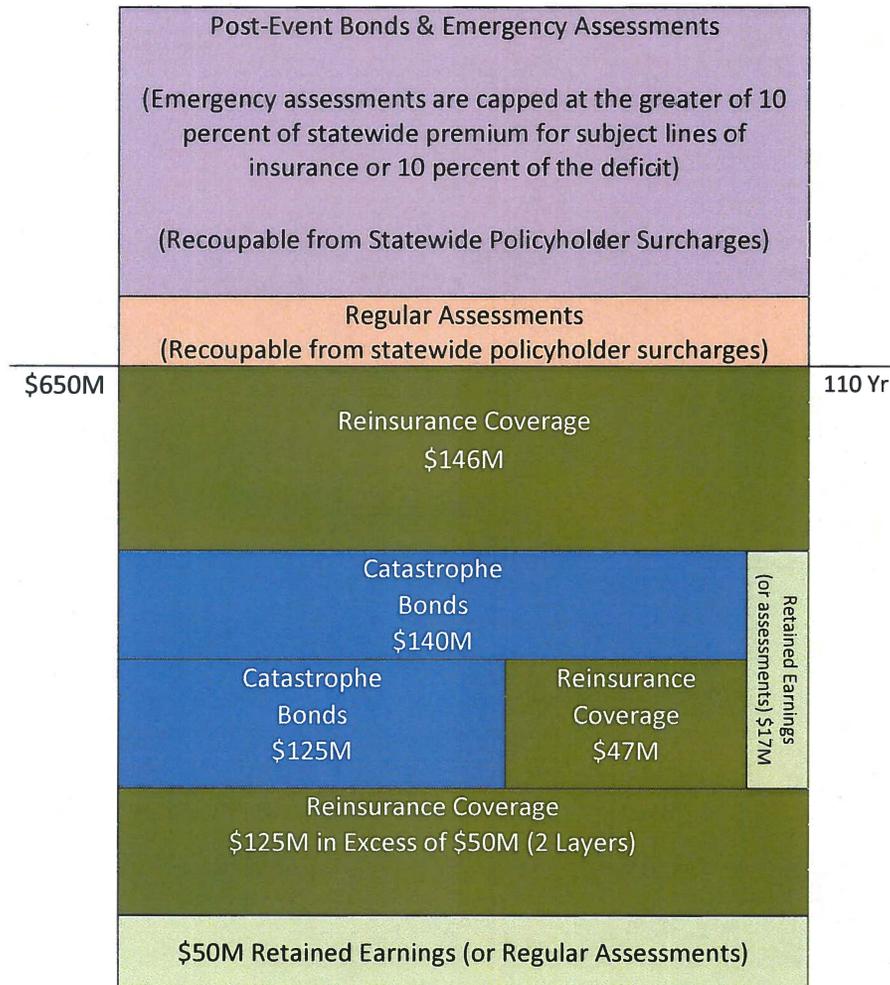
**2014 WIND POOL FUNDING
ALABAMA**



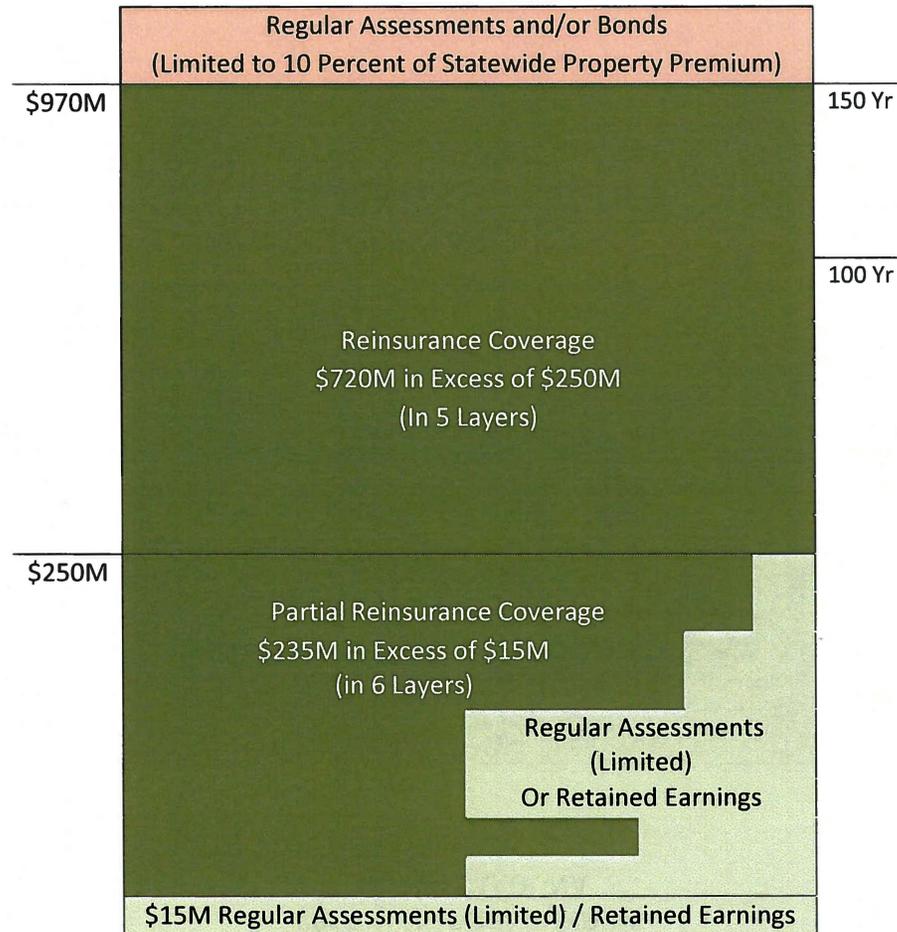
**2014 WIND POOL FUNDING
FLORIDA – COASTAL ACCOUNT ONLY**

\$11.8B	Emergency Assessments \$1.218B (up to the greater of 10% of the deficit, or 10% of subject premium) Recoupable from Statewide Policyholders				100 Yr
\$10.6B	Regular Assessments \$710M (up to 2% of premium) Recoupable from Statewide Policyholders				84 Yr
\$9.9B	Surcharges to Wind Pool Policies \$364M				75 Yr
	Retained Earnings \$991M				
\$8.6B	Catastrophe Bonds \$1.5B	Reins. Cov. (Single-Yr) \$528M	Reins. Cov. (Multi-Yr) \$202M	Retained Earnings \$270M	60 Yr
	Retained Earnings \$56M			Reinsurance Cov. CNR \$164M	Retained Earnings CNR \$164M
	Catastrophe Bonds \$250M				
	Reinsurance Coverage \$625M				
	Florida Hurricane Catastrophe Fund (FHCF) Coverage 90% of 3.257B in Excess of \$1.218B			Retained Earnings Commercial - Non Residential (CNR) \$379M	
\$122M LAE	Retained Earnings \$1.218B			Retained Earnings CNR \$149M	

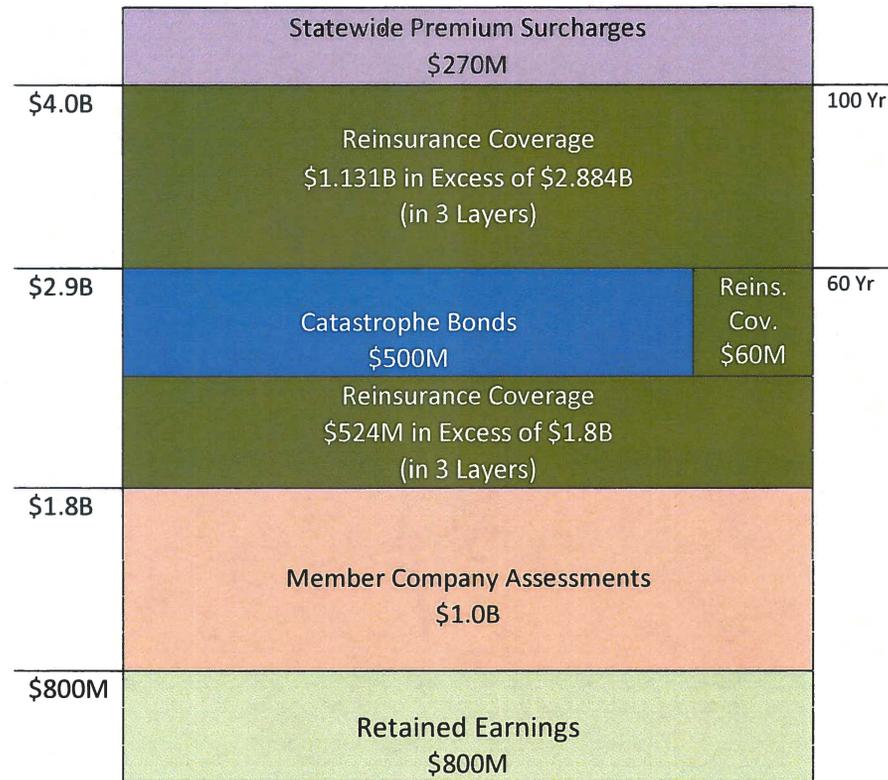
**2014 WIND POOL FUNDING
LOUISIANA**



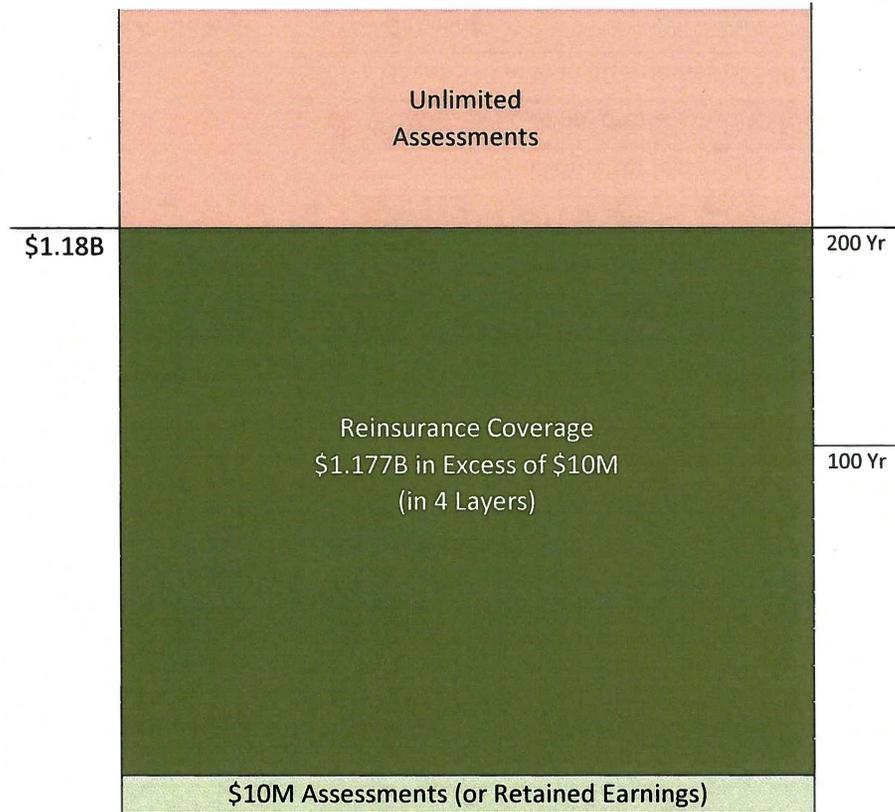
**2014 WIND POOL FUNDING
MISSISSIPPI**



**2014 WIND POOL FUNDING
NORTH CAROLINA**



**2014 WIND POOL FUNDING
SOUTH CAROLINA**



16.(c). What are the funding mechanisms for the wind pools?* (detail)

*All tables show funding only for the first event. Different reinsurance retentions and coverage may apply for second and subsequent hurricane events.

Texas

Use in this order	Layers of Funding	Amount of Funding
6th	Class 3 Post-Event Debt / Bonds	\$500 million
5th	Catastrophe Bonds / Reinsurance	\$100 million reinsurance after losses of \$3.25 billion
4th		\$400 million / \$950 million after losses of \$1.9 billion
3rd	Class 2 Post-Event Debt / Bonds	\$1.0 billion
2nd	Class 1 Pre-Event Debt / Bonds	\$500 million ¹
1st	Retained Earnings and Catastrophe Reserve Trust Fund	\$400 million

Alabama

Use in this order	Layers of Funding	Amount of Funding
7th	Reinsurance	6 th layer \$100 million after losses of \$500 million*
6th		5 th layer \$250 million after losses of \$250 million
5th		4 th layer \$100 million after losses of \$150 million
4th		3 rd layer \$50 million after losses of \$100 million
3rd		2 nd layer \$30 million after losses of \$70 million
2nd		1 st layer \$30 million after losses of \$40 million*
1st	Retained earnings / Assessments	\$40 million

*Members may purchase at their option.

¹Up to \$1 billion of pre- and post-event Class 1 debt may be issued on behalf of TWIA. However, in order to provide a conservative estimate it is assumed that only \$500 million of the authorized Class 1 debt will be marketable.

Florida (coastal account only, excluding Commercial Non-Residential (CNR))

Use in this Order	Layers of funding	Amount of Funding
10th	Emergency Assessments	\$1.218 billion. Up to 10 percent of the deficit; or 10 percent of premium. Recoupable from statewide policyholders.
9th	Regular Assessments	\$710 million (2 percent of premium maximum). Recoupable from statewide policyholders.
8th	Additional wind pool policyholder surcharges	\$364 million (15 percent maximum for each account: coastal, personal lines, and commercial lines)
7th	Retained Earnings	\$991 million
6th	Catastrophe Bonds / Additional Reinsurance / Retained Earnings	\$1.5 billion / \$730 million / \$270 million
5th	Retained Earnings	\$ 56 million
4th	Catastrophe Bonds	\$250 million
3rd	Reinsurance	\$625 million
2nd	Florida Hurricane Catastrophe Fund (FHCF) Coverage	90 percent of \$3.257 billion in excess of \$1.218 billion
1st	Retained Earnings	\$1.340 billion

Louisiana

Use in this Order	Layers of funding	Amount of Funding
9th	Bonding Authority	No statutory limit.
8th	Emergency Assessments	Up to the greater of: (i) 10 percent of the original deficit; or (ii) 10 percent of statewide direct premium for subject lines of business.
7th	Regular Assessments	Up to the greater of: (i) 10 percent of the original deficit; or (ii) 10 percent of statewide direct premium for subject lines of business ² .
6th	Aggregate Reinsurance	5 th layer \$146 million after an aggregate deductible of \$50 million
5th	Catastrophe Bonds / Retained Earnings or Regular Assessments	4 th layer \$140 million / \$8 million after losses of \$356 million
4th	Catastrophe Bonds ¹ / Per Occurrence Reinsurance ¹ / Retained Earnings or Regular Assessments	3 rd layer \$125 million / \$47 million / \$9 million after losses of \$175 million
3rd	Per Occurrence Reinsurance ¹	2 nd layer \$100 million after losses of \$75 million
2nd		1 st layer \$25 million after losses of \$50 million
1st	Retained Earnings / Regular Assessments	\$50 million

¹Benefits from these agreements inure to the aggregate reinsurance agreement. Therefore, although the aggregate reinsurance agreement has a low retention (\$50 million) it provides high layer first event coverage; or, if not exhausted from the first event, provides low-level second event coverage.

²Insurers may recoup regular assessments from policyholders through a market equalization charge. See also LRS 22:2307.

Mississippi

Use in this order	Layers of Funding	Amount of Funding
13th	Bonds for excess losses	
12th	Reinsurance (100 percent)	11 th layer \$70 million after losses of \$900 million
11th		10 th layer \$150 million after losses of \$750 million
10th		9 th layer \$200 million after losses of \$550 million
9th		8 th layer \$200 million after losses of \$350 million
8th		7 th layer \$100 million after losses of \$250 million
7th	Reinsurance / Regular Assessments (or Retained earnings)	6 th layer \$45.5 million / \$4.5 million after losses of \$200 million
6th		5 th layer \$57 million / \$18 million after losses of \$125 million
5th		4 th layer \$25 million / \$25 million after losses of \$75 million
4th		3 rd layer \$7.5 million / \$7.5 million after losses of \$60 million
3rd		2 nd layer \$22.5 million / \$7.5 million after losses of \$30 million
2nd		1 st layer \$7.5 million / \$7.5 million after losses of \$15 million
1st	Regular Assessments / Retained earnings	\$15 million

North Carolina

Use in this order	Layers of Funding	Amount of Funding
10th	Statewide premium surcharges	8 th layer \$270 million after losses of \$4.015 billion
9th	Additional Reinsurance	7 th layer \$300 million after losses of \$3.715 billion
8th		6 th layer \$381 million after losses of \$3.334 billion
7th		5 th layer \$450 million after losses of \$2.885 billion
6th	Catastrophe Bonds / Reinsurance	4 th layer \$500 million / \$60 million after losses of \$2.324 billion
5th	Reinsurance	3 rd layer \$141 million after losses of \$2.183 billion
4th		2 nd layer \$233 million after losses of \$1.95 billion
3rd		1 st layer \$150 million after losses of \$1.8 billion
2nd	Member assessments	\$1 billion
1st	Retained earnings	\$800 million

South Carolina

Use in this order	Layers of Funding	Amount of Funding
6th	Member assessments	Unlimited member assessments
5th	Reinsurance	4 th layer \$350 million after losses of \$837 million
4th		3 rd layer \$250 million after losses of \$587 million
3rd		2 nd layer \$150 million after losses of \$437 million
2nd		1 st layer \$427 million after losses of \$10 million
1st	Retained Earnings / Assessments	\$10 million

17. Does the wind pool cap assessments of members or assessable insurers?

State	Cap?	Recoupable?*	Details
Texas	Yes	No	Member assessments capped at \$800 million plus interest.
Alabama	No	No	No cap on member assessments. Plan of operations limits first partial assessment to \$2 million per member.
Florida	Yes	Yes	Regular assessments of insurers apply only to the coastal account, and are capped at 2% of premium. Emergency assessments of policyholders are capped at the greater of 10% of the deficit or 10% of policy premium per year.
Louisiana	Yes	Yes	Regular insurer assessments capped at 10% of deficit or 10% of aggregate statewide premium. Emergency assessments of policyholders capped at greater of 10% of deficit or 10% of aggregate statewide premium.
Mississippi	Yes	Yes	Regular assessments capped at greater of 10% of deficit or 10% of aggregate statewide property premium.
North Carolina	Yes	No	Member assessments capped at \$1 billion. Policyholder pays a catastrophe reserve charge of up to 10% of annual policy premium.
South Carolina	No	No	No cap on member assessments.

* "Yes" indicates assessment is recoupable via policyholder surcharge or direct pass-through.

"No" indicates no specific statutory provision; assessments possibly recouped through rate increases.