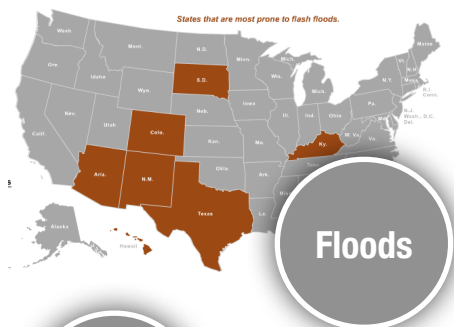


TEXAS WEATHER RISK

Texas is the ONLY state in the country that ranks 8 on a 1-to-8 low-to-high-risk scale. "High risk": The state could experience up to nine different natural events at disastrous levels.



- ★ Texas has the most severe weather in the country. As shown in these maps, Texas has exposure to nine different types of natural disasters - the most among any state.

- ★ Texas insurers continue to prepare for unpredictable weather losses. During “good weather” years with fewer claims, insurers reserve consumer premiums to prepare for future catastrophes. What some see as “profits” can be quickly wiped out, and the state’s entire insurance system destabilized.

- ★ In recent years, Texas has led the nation in catastrophic losses by a wide margin. And, while Hurricane Ike is the costliest storm to ever hit Texas, ironically, severe thunderstorms create the majority of the state's weather catastrophes with damaging winds and hail.

- ★ **Because of the loss risk in Texas, it is critical to provide a regulatory structure that encourages companies to do business here.**

- ★ Reforms passed in 2003 have stabilized or lowered homeowners premiums for most Texans even as home values have increased substantially; attracted new homeowners insurance companies to Texas; and increased choices and availability of coverage for consumers.

- ★ Legislative and regulatory policies moving forward should continue this trend and focus on expanding insurance choice and availability in our state.

- ★ A strong, competitive insurance marketplace, within a regulatory framework that focuses on solvency, consumer education, and consumer protection from fraud and unfair practices, serves the interests of consumers, insurers and the overall Texas economy that relies on available, affordable insurance.

