MISSISSIPPI WINDSTORM UNDERWRITING ASSOCIATION
INSTRUCTIONS FOR REPORTING STATEWIDE PREMIUM AND VOLUNTARY WRITINGS

As a result of HB 1500, effective March 22, 2007, the reporting criteria for admitted insurance carriers has changed. The following is an explanation of those changes with specific instructions:

Admitted insurance carriers, formerly treated as member companies sharing in the profit and loss of the association on a policy year basis, have been redefined as assessable insurers. Assessable insurers are subject to assessments necessitated by losses to the Association. Losses include expenses for the adjustment and resolution of claims and operational and other expenses. Should an assessment or assessments be required HB 1500 states that the annual assessment liability for admitted insurance carriers is limited to the greater of 10% of the Association's deficit (generally created by a loss event or events) or 10% of "Statewide Property Premium" charged for any and all risks on real property and contents in the state.

In determining "Statewide Property Premium" The Association counts the following lines of business from Page 19 (formerly Page 14) of the statutory annual statement:

A. Fire
B. Allied Lines
C. Farmowners multiple peril (75% of the premium is considered for statewide property premiums purposes). Statewide property premiums do not include premiums for insuring farm property other than dwelling property provided that farm property premiums are reported timely to the Association.
D. Homeowners multiple peril (75% of the premium is considered for statewide property premiums purposes).
E. Commercial multiple peril (non-liability portion).
F. Inland Marine (Credit will be allowed against statewide inland marine premium for premiums that do not qualify as real property and contents. Credit will be allowed for qualifying premium reported timely to the Association).
G. Earthquake

<u>Farm Property</u>

As noted in C. above "Statewide Property Premium" does not include Farm Property other than property used for dwelling purposes or any outbuildings used in connection therewith. For these purposes the definition of farm property is as follows:

Farm Property is defined as barns, granaries, outbuildings and other structures used in connection therewith, and their contents; also, livestock, poultry, hay and grain in stacks, farm implements and machinery; situated on land used for truck, fruit, livestock, dairy or other farm purposes. Farm Property does not include any property used for dwelling purposes or any outbuildings used in connection therewith.

In order to be credited with other farm property the insurance company must support its proposed credit with a policy bordereau of all qualifying farm property

premium. An example of the required information, and reporting format, is as follows:

Policy Number	Named Insured	Property Location	Effective Date	Expiration / Cancellation Date	Direct Written Premium, Net of Endorsements and Cancellations

As noted in the Insurer's Report, farm premium may be reported on a number of lines in the statutory page 19. It will be necessary to segregate the information reported on the bordereau by annual statement line of business in order to properly match the credit taken with the direct written premium reported.

It is not necessary to submit copies of farm policies. The information submitted on the bordereau is subject to audit and copies of policies may be requested at a future date.

Inland Marine

As noted in F. above "Statewide Property Premium" includes inland marine reflected on Page 19 (formerly Page 14) of the statutory annual statement. Inland marine often includes builder's risk, certain types of property floaters that are written in conjunction with homeowners, dwelling, etc., as well as certain specialty real estate risks.

Credit will be allowed against statewide inland marine premium for premiums that do not qualify as real property and contents. Credit will be allowed for qualifying premium reported timely to the Association.

The premium amount credited must be supported with a policy bordereau. An example of the required information is as follows:

Policy Number	Named Insured	Property Location	Effective Date	Expiration / Cancellation Date	Direct Written Premium, Net of Endorsements and Cancellations

It is not necessary to file copies of policies in lieu of or with the bordereau. The information submitted is subject to audit and copies of policies may be requested at a future date.

The reporting format above is a suggested format and content. Additional information may be included at the Company's discretion, i.e. transaction types such as new, renewal, endorsement, cancellation, etc. The primary concern is the matching of premium amounts reported on Page 19.

Companies that do not issue any inland marine coverage on real property and contents may attach a statement signed by a responsible officer stating that no real property and contents coverage is included in Inland marine premium. A description of what makes up the Company's inland marine premium total should be included. The full amount of the statewide inland marine premium will be credited in arriving at "Net Statewide Property Premium". Blanket statements may be subject to review or audit by the Association.

Premium Refinement

Please note that unlike in prior years (prior to 2007) when premium reported was refined to estimate wind and hail premium only, the current calculations of assessable percentages are based on direct written premium for real property and contents risks. The only refinement is the reduction of certain lines (homeowners and farmowners) to eliminate estimated liability premium.

Assessment Calculation

Attached is an example of the assessment calculation based on certain sample information:

SAMPLE INSURER'S REPORT OF PREMIUM

COMPANY XYZ

P 20 LOB	LOB Description	Page 20 Direct Written Premium		Factor		Company XYZ Statewide Premium Per Calculation
1	Fire	155,000	x	100%	=	155,000
2.1	Allied Lines	165,000	x	100%	=	165,000
3	Farmowners	2,500,000	x	75%	=	1,875,000
4	Homeowners	5,500,000	x	75%	=	4,125,000
5.1	Commercial Multi-Peril (Non-Liab)	1,756,000	x	100%	=	1,756,000
9	Inland Marine	148,900	x	100%	=	148,900
12	Earthquake	53,000	x	100%	=	53,000
	TOTAL	10,277,900				8,277,900
	Less Farm Property Credit					
	Farm Property included in line 3 above	(1,250,000)	x	75%	=	(937,500)
	Farm Property included in other property lines reported above	(230,000)	x	100%	=	(230,000)
	Less non real property - Inland marine line 9	(75,000)	x	100%	=	(75,000)
	Net Statewide Property Premium	8,722,900				7,035,400
	Total all companies statewide	**1,119,002,000**				**912,479,450**
	Co. XYZ's percent of statewide	0.780%				**0.771%**

The resulting assessment would be as follows:

Sample Loss Assessment Calculation

Note that this assessment calculation represents the maximum annual aggregate exposure for XYZ Co.

Net statewide property premium					912,479,450	
Your company's statewide premium					7,035,400	
Your percent of statewide premium					0.771%	
Assessment limitation						
Loss/Deficit **(hypothetical)**	500,000,000	x	10%	=	50,000,000	**A**
Statewide premium	912,479,450	x	10%	=	91,247,945	**B**
Co. XYZ's assessment is the > of A or B	**91,247,945**	x	**0.771%**	=	**703,540**	

Timely Filing

The "Insurer's Report" is **due by March 1,** and should reflect the premium activity for the preceding year as reported in the Assessable Company's statutory annual statement, page 19, for the state of Mississippi. For example the 2010 assessment percentage is based on premium written in 2009.

Voluntary Premium Writings

"**Voluntary writings**" means the total of all premiums meeting the definition of **statewide property premiums** collected by an **assessable insurer** that include the peril of wind and hail in the **Coast Area** for the preceding calendar year. The Coast Area includes the Mississippi counties of George, Hancock, Harrison, Jackson Pearl River and Stone.

Voluntary premium should be reported in bordereau format. Policies written in the coastal counties that include wind and hail coverage qualify to be included. Premium should be reported by annual statement line of business consistent with the "Insurers Report of Premium" filed annually with the Association.

A sample format is provided as a guide for this purpose.

Policy Number	Named Insured	Property Location	Effective Date	Expiration / Cancellation Date	Direct Written Premium, Net of Endorsements and Cancellations

In will not be necessary to submit copies of policies. Policies data submitted will be subject to audit and the Association may request copies of policies from samples selected.

Companies are encouraged to submit voluntary premium quarterly by the end of the month following each calendar quarter, however annual submissions will be accepted. Companies may email the submissions to the contact included herein. Excel files are encouraged. Voluntary premium for the reporting year received after February 15th of the following year will be considered late.

Failure to submit voluntary premium information by the February 15th due date will disqualify the information for credit purposes.

The contact person for reporting premium information is Joel Ferriss, 601-981-2915 or email at jferriss@msratingbureau.com.

Copies of forms and instructions may be obtained online at www.msplans.com.