

**MISSISSIPPI
WINDSTORM UNDERWRITING ASSOCIATION**

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April 26, 2007

To Member Companies

**ACCOUNTING REPORT FOR YEAR ENDED
DECEMBER 31, 2006**

The following documents which summarize the transactions, conditions, operations and affairs of the Mississippi Windstorm Underwriting Association for the year ended December 31, 2006, are now available on the website www.msplans.com.

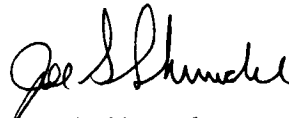
- Exhibit 1 -Statement of Assets, Liabilities and Members' Equity
- Exhibit 2 -Statements of Revenue, Expenses and Members' Equity
- Exhibit 3A -Members' Account - Year Ended December 31, 2006
- Exhibit 3B -Members' Account - January 01, 2005 through December 31, 2006
- Exhibit 4A -Statistical Report - Premiums
- Exhibit 4B -Statistical Report - Losses
- Exhibit 4C -Statistical Report - Loss Expense
- Exhibit 5 -Insurance In-Force as of December 31, 2006
- Exhibit 7 -Reporting Schedule P Number of Claims Outstanding

To record its participation, members should apply the appropriate percentage of participation to the data for each policy year shown on Exhibit 3A. Your participation should be recorded as reinsurance assumed.

A report of all Companies' Percentage Participation for the period January 1, 2006 through December 31, 2006 may be found on the reference website.

Should you have specific questions concerning the reports of the Association, please direct them to Mr. Joel Ferriss or Mrs. Judy Brown at the address or telephone number listed on our letterhead.

Yours very truly,



Joe S. Shumaker
Manager

**MISSISSIPPI WINDSTORM UNDERWRITING ASSOCIATION
ACCOUNTNG REPORT
YEAR ENDED DECEMBER 31, 2006**

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**MISSISSIPPI WINDSTORM UNDERWRITING ASSOCIATION
STATEMENT OF ASSETS, LIABILITIES AND MEMBERS' EQUITY
DECEMBER 31, 2006**

	<u>LEDGER</u> <u>ASSETS</u>	<u>NON-LEDGER</u> <u>ASSETS</u>	<u>NON-</u> <u>ADMITTED</u> <u>ASSETS</u>	<u>NET-ADMITTED</u> <u>ASSETS</u>
ASSETS:				
CASH	\$ 49,065,830	\$ -	\$ -	\$ 49,065,830
RECEIVABLE	7,841,808	-	-	7,841,808
FURNITURE & EQUIPMENT	695,907	-	-	695,907
ASSESSMENTS RECEIVABLE	7,375,016	-	-	7,375,016
PREPAID REINSURANCE	15,209,716	-	-	15,209,716
REINSURANCE RECOVERABLE	102,215	-	-	102,215
TOTAL ASSETS	\$ 80,290,492	\$ -	\$ -	\$ 80,290,492
 LIABILITIES:				
UNPAID LOSSES-(IBNR INCLUDED)				\$ 14,639,024
UNPAID LOSS EXPENSE				2,518,822
REINSURANCE PAYABLE				29,986,534
UNPAID SERVICE FEES-PREMIUMS				499,390
UNPAID SERVICE FEES-DIRECT BILL				51,219
REINSURANCE LOAN PAYABLE				5,388,312
UNEARNED PREMIUMS				26,770,771
COMMISSIONS PAYABLE				1,830,602
ACCOUNTS PAYABLE				106,846
TOTAL LIABILITIES				81,791,520
MEMBERS' EQUITY				
2004 POLICY YEAR				(818,353)
2005 POLICY YEAR				15,323,317
2006 POLICY YEAR				(15,855,371)
2007 POLICY YEAR				(150,621)
TOTAL MEMBERS' EQUITY				(1,501,028)
TOTAL LIABILITIES AND MEMBERS' EQUITY				\$ 80,290,492

**MISSISSIPPI WINDSTORM UNDERWRITING ASSOCIATION
STATEMENT OF REVENUE, EXPENSES AND MEMBERS' EQUITY
YEAR ENDED DECEMBER 31, 2006**

UNDERWRITING INCOME:

PREMIUM EARNED **\$ 29,355,009**

DEDUCTIONS:

LOSSES AND LOSS EXPENSES INCURRED	\$	43,630,601	
SERVICE FEES - PREMIUMS		4,271,810	
COMMISSIONS INCURRED		6,438,346	
REINSURANCE PREMIUMS		57,796,922	
OPERATING EXPENSE INCURRED		2,054,387	
		114,192,066	114,192,066
TOTAL DEDUCTIONS			114,192,066
NET UNDERWRITING GAIN (LOSS)			(84,837,057)

OTHER INCOME (EXPENSE):

GRANT REVENUE		30,000,000	
PROVISION FOR DOUBTFUL ASSESSMENTS		(17,629,504)	
INVESTMENT INCOME		1,917,316	
INSPECTION FEES		965,333	
OTHER		1,545	
INTEREST EXPENSE		(243,038)	
		15,011,652	15,011,652
TOTAL OTHER INCOME (EXPENSE)			15,011,652
NET INCOME (LOSS)			\$ (69,825,405)

EQUITY ACCOUNT

MEMBERS' ACCOUNT, JANUARY 01, 2006		\$ (181,675,630)	
NET INCOME		(69,825,405)	
DISTRIBUTIONS TO MEMBERS		-	
ASSESSMENTS		250,000,007	
		(1,501,028)	\$ (1,501,028)

MISSISSIPPI WINDSTORM UNDERWRITING ASSOCIATION
MEMBERS' ACCOUNT
YEAR ENDED DECEMBER 31, 2006

	2005	2006	2007	TOTALS
INCOME RECEIVED:				
PREMIUMS WRITTEN	\$ (871,282)	\$ 48,884,780	\$ 799,257	\$ 48,812,755
INTEREST RECEIVED	-	1,917,316	-	1,917,316.00
GRANT REVENUE RECEIVED	-	30,000,000	-	30,000,000.00
INSPECTION FEES RECEIVED	-	965,333	-	965,333.00
OTHER	-	1,545	-	1,545.00
TOTAL	(871,282)	81,768,974	799,257	81,696,949.00
EXPENSES PAID:				
LOSSES	309,368,073	455,971	-	309,824,044
LOSS EXPENSE	13,123,210	38,084	-	13,161,294
REINSURANCE PREMIUM	-	43,020,104	-	43,020,104
SERVICE FEE - PREMIUMS	(39,637)	3,888,258	-	3,848,621
COMMISSIONS PAID	-	4,727,781	-	4,727,781
OPERATING EXPENSE	-	2,054,387	-	2,054,387
INTEREST EXPENSE	-	243,038	-	243,038
TOTAL	322,451,646	54,427,623	-	376,879,269
NET CASH FROM OPERATIONS	(323,322,928)	27,341,351	799,257	(295,182,320)
DEDUCT CURRENT RESERVES				
LOSSES	14,147,906	491,118	-	14,639,024
LOSS EXPENSE	2,474,657	44,165	-	2,518,822
REINSURANCE PREMIUMS PAY.	-	14,776,818	-	14,776,818
UNEARNED PREMIUMS	-	25,971,514	799,257	26,770,771
SERVICE FEE - PREMIUMS	-	429,455	69,935	499,390
COMMISSIONS PAYABLE	-	1,749,916	80,686	1,830,602
PROVISION FOR DOUBTFUL ASSESS.	17,629,504	-	-	17,629,504
TOTAL	34,252,067	43,462,986	949,878	78,664,931
ADD PRIOR RESERVES				
LOSSES	251,159,646	-	-	251,159,646
LOSS EXPENSE	45,352,938	-	-	45,352,938
UNEARNED PREMIUMS	7,046,764	266,261	-	7,313,025
SERVICE FEE - PREMIUMS	52,903	23,297	-	76,200
COMMISSIONS	92,590	27,447	-	120,037
TOTAL	303,704,841	317,005	-	304,021,846
NET RESERVE CHANGE	269,452,774	(43,145,981)	(949,878)	225,356,915
ASSESSMENTS	250,000,007	-	-	250,000,007
DISTRIBUTIONS	-	-	-	-
CHANGE IN MEMBERS' EQUITY	\$ 196,129,853	\$ (15,804,630)	\$ (150,621)	\$ 180,174,602

MISSISSIPPI WINDSTORM UNDERWRITING ASSOCIATION
MEMBERS' ACCOUNT FOR UNSETTLED POLICY YEARS
YEAR ENDED DECEMBER 31, 2006

	2004	2005	2006	2007	TOTALS
INCOME RECEIVED:					
PREMIUMS WRITTEN	\$ 12,495,096	\$ 13,170,417	\$ 49,151,041	\$ 799,257	\$ 75,615,811
INTEREST RECEIVED	40,379	127,551	1,917,316	-	2,085,246
INSPECTION FEES RECEIVED	136,813	176,445	965,333	-	1,278,591
GRANT REVENUE RECEIVED			30,000,000		30,000,000
OTHER	875	875	1,545	-	3,295
TOTAL	12,673,163	13,475,288	82,035,235	799,257	108,982,943
EXPENSES PAID:					
LOSSES	111,774,630	529,913,655	455,971	-	642,144,256
LOSS EXPENSE	10,699,515	25,998,730	38,084	-	36,736,329
REINSURANCE RECOVERED	(116,000,000)	(59,002,090)	-	-	(175,002,090)
SERVICE FEE - PREMIUMS	1,181,307	996,736	3,888,258	-	6,066,301
REINSURANCE PREMIUM	6,850,354	8,870,663	43,020,104	-	58,741,121
COMMISSIONS PAID	1,467,707	1,512,386	4,727,778	-	7,707,871
OPERATING EXPENSE	625,922	609,831	2,054,387	-	3,290,140
INTEREST EXPENSE		-	243,038	-	243,038
TOTAL	16,599,435	508,899,911	54,427,620	-	579,926,966
NET CASH FROM OPERATIONS	(3,926,272)	(495,424,623)	27,607,615	799,257	(470,944,023)
DEDUCT CURRENT RESERVES					
LOSSES	-	14,147,906	491,118	-	14,639,024
LOSS EXPENSE	-	2,474,657	44,165	-	2,518,822
REINSURANCE PAY. NET OF PREPAID	-	-	14,776,818	-	14,776,818
UNEARNED PREMIUMS	-	-	25,971,514	799,257	26,770,771
SERVICE FEE - PREMIUMS	-	-	429,455	69,935	499,390
COMMISSIONS	-	-	1,749,916	80,686	1,830,602
PROVISION FOR DOUBTFUL ASSESS.	-	17,629,504			17,629,504
TOTAL	-	34,252,067	43,462,986	949,878	78,664,931
OTHER CHANGES	115,341	-	-	-	115,341
ASSESSMENT	2,992,578				2,992,578
ASSESSMENTS-KATRINA #1		295,000,000	-	-	295,000,000
ASSESSMENTS-KATRINA #2		250,000,007			250,000,007
DISTRIBUTIONS		-	-	-	-
MEMBERS' EQUITY	\$ (818,353)	\$ 15,323,317	\$ (15,855,371)	\$ (150,621)	\$ (1,501,028)

**MISSISSIPPI WINDSTORM UNDERWRITING ASSOCIATION
 STATISTICAL REPORT OF PREMIUMS
 YEAR ENDED DECEMBER 31, 2006**

	2005	2006	2007	TOTALS
PREMIUMS WRITTEN:				
WINDSTORM & HAIL	\$ (871,282)	\$ 48,884,780	\$ 799,257	\$ 48,812,755
UNEARNED PREMIUMS -PRIOR				
WINDSTORM & HAIL	7,046,764	266,261	-	7,313,025
UNEARNED PREMIUMS-CURRENT				
WINDSTORM & HAIL	-	25,971,514	799,257	26,770,771
EARNED PREMIUMS:				
WINDSTORM & HAIL	\$ 6,175,482	\$ 23,179,527	\$ -	\$ 29,355,009

MISSISSIPPI WINDSTORM UNDERWRITING ASSOCIATION
 STATISTICAL REPORT OF LOSSES
 YEAR ENDED DECEMBER 31, 2006

	2005	2006	TOTALS
PAID:			
WINDSTORM & HAIL	\$ 309,368,074	\$ 455,971	\$ 309,824,045
REINSURANCE RECOVERED	-	-	-
PAID LOSS NET OF REINSURANCE	309,368,074	455,971	309,824,045
CURRENT OUTSTANDING:			
WINDSTORM & HAIL	14,147,906	245,363	14,393,269
REINSURANCE RECOVERABLE	-	-	-
PRIOR OUTSTANDING:			
WINDSTORM & HAIL	251,089,438	-	251,089,438
REINSURANCE RECOVERABLE	-	-	-
IBNR:			
CURRENT	-	245,755	245,755
PRIOR	70,208	-	70,208
INCURRED LOSSES:			
WINDSTORM & HAIL	\$ 72,356,334	\$ 947,089	\$ 73,303,423

MISSISSIPPI WINDSTORM UNDERWRITING ASSOCIATION
 STATISTICAL REPORT OF LOSS EXPENSE
 YEAR ENDED DECEMBER 31, 2006

	2005	2006	TOTALS
PAID:			
WINDSTORM & HAIL	\$ 13,123,210	\$ 38,084	\$ 13,161,294
REINSURANCE RECOVERED			
	13,123,210	38,084	13,161,294
CURRENT OUTSTANDING:			
WINDSTORM & HAIL	2,474,657	44,165	2,518,822
REINSURANCE RECOVERABLE	-	-	
PRIOR OUTSTANDING:			
WINDSTORM & HAIL	45,352,938	-	45,352,938
REINSURANCE RECOVERABLE			
INCURRED LOSS EXPENSE:			
WINDSTORM & HAIL	<u>\$ (29,755,071)</u>	<u>\$ 82,249</u>	<u>\$ (29,672,822)</u>

MISSISSIPPI WINDSTORM UNDERWRITING ASSOCIATION
INSURANCE IN-FORCE
DECEMBER 31, 2006

COUNTY	<u>POLICIES IN- FORCE</u>	<u>INSURANCE IN- FORCE</u>
GEORGE	1,243	\$ 129,196,000
HANCOCK	4,205	688,593,000
HARRISON	12,709	2,465,737,000
JACKSON	9,252	1,604,188,000
PEARL RIVER	2,557	372,443,000
STONE	996	109,352,000
TOTALS	<u>30,962</u>	<u>\$ 5,369,509,000</u>

MISSISSIPPI WINDSTORM UNDERWRITING ASSOCIATION
REPORTING SCHEDULE P NUMBER OF CLAIMS OUTSTANDING
DECEMBER 31, 2006

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>TOTAL</u>
COVERAGE:							
WINDSTORM & HAIL	-	-	-	-	805	28	833
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>805</u>	<u>28</u>	<u>833</u>

**MISSISSIPPI WINDSTORM UNDERWRITING ASSOCIATION
ADDITIONAL INFORMATION
DECEMBER 31, 2006**

Certain member companies have appealed the assessment methodology utilized during the policy years impacted by Hurricane Katrina. It is the opinion of the Association and legal counsel that the methodology used was reasonable and in compliance with Mississippi statutes.