

MISSISSIPPI
WINDSTORM UNDERWRITING ASSOCIATION

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Jackson, Mississippi 39296-5389

March 3, 2003

To Member Companies

ACCOUNTING REPORT FOR YEAR ENDED
DECEMBER 31, 2002

The following documents which summarize the transactions, conditions, operations and affairs of the Mississippi Windstorm Underwriting Association for the year ended December 31, 2002, are now available on the website www.msplans.com.

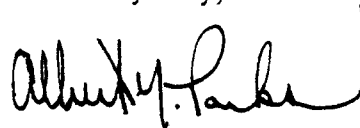
- Exhibit 1 -Statement of Assets, Liabilities and Members' Equity
- Exhibit 2 -Income Statement and Equity Account
- Exhibit 3A -Members' Account - Year Ended December 31, 2002
- Exhibit 3B -Members' Account - January 01, 2001 through December 31, 2002
- Exhibit 4A -Statistical Report - Premiums
- Exhibit 4B -Statistical Report - Losses
- Exhibit 4C -Statistical Report - Loss Expense
- Exhibit 5 -Insurance In-Force as of December 31, 2002
- 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' Preliminary Percentage Participation for the period January 1, 2002 through December 31, 2002 was furnished you in June, 2002. Each company's Percentage Participation may be found on the reference website.

Should you have specific questions concerning the reports of the Association, please direct them to Mr. Jim Redd at the address or telephone number listed on our letterhead.

Yours very truly,



Albert G. Parks
Manager

**MISSISSIPPI WINDSTORM UNDERWRITING ASSOCIATION
STATEMENTS OF ASSETS, LIABILITIES AND MEMBERS' EQUITY
YEAR ENDED DECEMBER 31, 2002**

	LEDGER ASSETS	NON-LEDGER ASSETS	NON-ADMITTED ASSETS	NET-ADMITTED ASSETS
<u>ASSETS:</u>				
CASH	1,544,534	0	0	1,544,534
INVESTMENTS	0	0	0	0
ACCRUED INTEREST	0	0	0	0
RECEIVABLE	1,096,505	0	0	1,096,505
PREPAID REINSURANCE	1,278,845	0	0	1,278,845
ASSESSMENTS RECEIVABLE	21,241	0	0	21,241
REINSURANCE RECOVERABLE	202,000	0	0	202,000
TOTAL ASSETS	4,143,125	0	0	4,143,125
 <u>LIABILITIES:</u>				
UNPAID LOSSES-(IBNR INCLUDED)				430,320
UNPAID LOSS EXPENSE				196,446
REINSURANCE RECOVERABLE				0
UNPAID SERVICE FEES-PREMIUMS				80,528
UNPAID SERVICE FEES-DIRECT BILL				17,432
REINSURANCE PAYABLE				0
UNEARNED PREMIUMS				4,834,171
COMMISSIONS PAYABLE				48,905
ACCOUNTS PAYABLE				19,153
OTHER				0
TOTAL LIABILITIES				5,626,955
 <u>MEMBERS' EQUITY</u>				
2001 POLICY YEAR				706,636
2002 POLICY YEAR				(2,173,958)
2003 POLICY YEAR				(16,507)
TOTAL MEMBERS' EQUITY				(1,483,828)
 TOTAL LIABILITIES AND MEMBERS' EQUITY				4,143,125

**MISSISSIPPI WINDSTORM UNDERWRITING ASSOCIATION
STATEMENTS OF REVENUE, EXPENSES AND MEMBERS' EQUITY
YEAR ENDED DECEMBER 31, 2002**

UNDERWRITING INCOME:

PREMIUM EARNED		6,994,729
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DEDUCTIONS:

LOSSES INCURRED	456,240	
LOSS EXPENSES INCURRED	314,745	
	0	770,985
SERVICE FEES - PREMIUMS		756,200
COMMISSIONS INCURRED		928,280
REINSURANCE PREMIUMS		3,528,711
OPERATING EXPENSE INCURRED		471,796
OTHER		0
TOTAL DEDUCTIONS		6,455,972

NET UNDERWRITING GAIN		538,757
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OTHER INCOME:

INVESTMENT INCOME		13,540
INSPECTION FEES		76,118
OTHER		225
TOTAL OTHER INCOME		89,883

NET INCOME		628,642
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EQUITY ACCOUNT

MEMBERS' ACCOUNT, JANUARY 01, 2002		(2,047,080)
NET INCOME		628,642
DISTRIBUTIONS TO MEMBERS		(65,391)
ASSESSMENTS		0
MEMBERS' ACCOUNT, DECEMBER 31, 2002		(1,483,828)

MISSISSIPPI WINDSTORM UNDERWRITING ASSOCIATION
MEMBERS' ACCOUNT
YEAR ENDED DECEMBER 31, 2002

	POLICY		YEAR		TOTALS
	2000	2001	2002	2003	
INCOME RECEIVED:					
PREMIUMS WRITTEN	0	(148,212)	8,586,111	188,657	8,626,556
INTEREST RECEIVED	0	0	13,540	0	13,540
INSPECTION FEES RECEIVED	0	0	76,118	0	76,118
OTHER	0	0	225	0	225
TOTAL	0	(148,212)	8,675,994	188,657	8,716,439
EXPENSES PAID:					
LOSSES	46,744	97,521	219,472	0	363,737
LOSS EXPENSE	70,267	27,182	69,001	0	166,450
REINSURANCE RECOVERED	0	0	0	0	0
REINSURANCE PREMIUM	0	0	3,528,711	0	3,528,711
SERVICE FEE - PREMIUMS	0	60,686	704,378	0	765,064
COMMISSIONS PAID	0	0	916,183	0	916,183
OPERATING EXPENSE	0	0	471,796	0	471,796
OTHER	0	0	0	0	0
TOTAL	117,011	185,389	5,909,541	0	6,211,941
NET CASH FROM OPERATIONS	(117,011)	(333,601)	2,766,454	188,657	2,504,499
DEDUCT CURRENT RESERVES					
LOSSES	0	210,018	220,301	0	430,319
LOSS EXPENSE	1,434	39,151	155,861	0	196,446
REINSURANCE RECOVERABLE	(202,000)	0	0	0	(202,000)
REINSURANCE PREMIUMS PAY.	0	0	0	0	0
UNEARNED PREMIUMS	0	0	4,645,514	188,657	4,834,171
SERVICE FEE - PREMIUMS	0	0	64,021	16,507	80,528
COMMISSIONS PAYABLE	0	0	48,905	0	48,905
OPERATING EXPENSE	0	0	0	0	0
OTHER	0	0	0	0	0
TOTAL	(200,566)	249,169	5,134,602	205,164	5,388,369
ADD PRIOR RESERVES					
LOSSES	252,098	85,719	0	0	337,817
LOSS EXPENSE	39,022	9,130	0	0	48,152
REINSURANCE RECOVERABLE	(202,000)	0	0	0	(202,000)
REINSURANCE PREMIUMS PAY.	0	0	0	0	0
UNEARNED PREMIUMS	0	3,008,153	194,191	0	3,202,344
SERVICE FEE - PREMIUMS	0	72,400	16,992	0	89,392
COMMISSIONS	0	36,808	0	0	36,808
OPERATING EXPENSE	0	0	0	0	0
OTHER	0	0	0	0	0
TOTAL	89,120	3,212,210	211,183	0	3,512,513
NET RESERVE CHANGE	289,686	2,963,041	(4,923,419)	(205,164)	(1,875,856)
OTHER CHANGES:					
DEDUCT PRIOR					
INTEREST ACCRUED	0	0	0	0	0
ADD CURRENT					
INTEREST ACCRUED	0	0	0	0	0
ASSESSMENTS	0	0	0	0	0
DISTRIBUTIONS	(65,391)	0	0	0	(65,391)
CHANGE IN MEMBERS' EQUITY	107,284	2,629,440	(2,156,965)	(16,507)	563,252

MISSISSIPPI WINDSTORM UNDERWRITING ASSOCIATION
MEMBERS' ACCOUNT FOR UNSETTLED POLICY YEARS
YEAR ENDED DECEMBER 31, 2002

	POLICY YEAR			TOTALS
	2001	2002	2003	
<u>INCOME RECEIVED:</u>				
PREMIUMS WRITTEN	5,890,542	8,780,302	188,657	14,859,501
INTEREST RECEIVED	35,521	13,540	0	49,061
INSPECTION FEES RECEIVED	28,800	76,118	0	104,918
OTHER	150	225	0	375
TOTAL	5,955,013	8,870,185	188,657	15,013,855
<u>EXPENSES PAID:</u>				
LOSSES	201,400	219,472	0	420,872
LOSS EXPENSE	55,735	69,001	0	124,736
REINSURANCE RECOVERED	0	0	0	0
SERVICE FEE - PREMIUMS	516,677	704,378	0	1,221,055
REINSURANCE PREMIUM	3,393,242	3,528,711	0	6,921,953
COMMISSIONS PAID	629,892	916,183	0	1,546,075
OPERATING EXPENSE	374,936	471,796	0	846,732
OTHER	0	0	0	0
TOTAL	5,171,882	5,909,541	0	11,081,423
NET CASH FROM OPERATIONS	783,131	2,960,644	188,657	3,932,432
<u>DEDUCT CURRENT RESERVES</u>				
LOSSES	210,018	220,301	0	430,319
LOSS EXPENSE	39,151	155,861	0	195,012
REINSURANCE RECOVERABLE	0	0	0	0
REINSURANCE PREMIUM PAYABLE	0	0	0	0
UNEARNED PREMIUMS	0	4,645,514	188,657	4,834,171
SERVICE FEE - PREMIUMS	0	64,021	16,507	80,528
COMMISSIONS	0	48,905	0	48,905
OPERATING EXPENSE	0	0	0	0
OTHER	0	0	0	0
TOTAL	249,169	5,134,602	205,164	5,588,935
<u>OTHER CHANGES:</u>				
<u>ADD CURRENT</u>				
INTEREST ACCRUED	0	0	0	0
OTHER CHANGES	172,674	0	0	172,674
TOTAL	172,674	0	0	172,674
ASSESSMENTS	0	0	0	0
DISTRIBUTIONS	0	0	0	0
MEMBERS' EQUITY	706,636	(2,173,958)	(16,507)	(1,483,828)

**MISSISSIPPI WINDSTORM UNDERWRITING ASSOCIATION
STATISTICAL REPORT OF PREMIUMS
YEAR ENDED DECEMBER 31, 2002**

	POLICY YEAR			TOTALS
	2001	2002	2003	
<u>PREMIUMS WRITTEN:</u>				
WINDSTORM & HAIL	(148,212)	8,586,111	188,657	8,626,556
<u>UNEARNED PREMIUMS -PRIOR</u>				
WINDSTORM & HAIL	3,008,153	194,191	0	3,202,344
<u>UNEARNED PREMIUMS-CURRENT</u>				
WINDSTORM & HAIL	0	4,645,514	188,657	4,834,171
<u>EARNED PREMIUMS:</u>				
WINDSTORM & HAIL	2,859,941	4,134,788	0	6,994,729

**MISSISSIPPI WINDSTORM UNDERWRITING ASSOCIATION
STATISTICAL REPORT OF LOSSES
YEAR ENDED DECEMBER 31, 2002**

	POLICY YEAR			TOTALS
	2000	2001	2002	
<u>PAID:</u>				
WINDSTORM & HAIL	46,744	97,521	219,472	363,737
REINSURANCE RECOVERED	0	0	0	0
PAID LOSS NET OF REINSURANCE	46,744	97,521	219,472	363,737
<u>CURRENT OUTSTANDING:</u>				
WINDSTORM & HAIL	0	210,018	176,399	386,417
REINSURANCE RECOVERABLE	0	0	0	0
<u>PRIOR OUTSTANDING:</u>				
WINDSTORM & HAIL	252,098	55,525	0	307,623
REINSURANCE RECOVERABLE	0	0	0	0
<u>IBNR:</u>				
CURRENT	0	0	43,902	43,902
PRIOR	0	30,194	0	30,194
<u>INCURRED LOSSES:</u>				
WINDSTORM & HAIL	(205,354)	221,820	439,773	456,239

**MISSISSIPPI WINDSTORM UNDERWRITING ASSOCIATION
STATISTICAL REPORT OF LOSS EXPENSE
YEAR ENDED DECEMBER 31, 2002**

	POLICY YEAR			TOTALS
	2000	2001	2002	
<u>PAID:</u>				
WINDSTORM & HAIL	70,267	27,182	69,001	166,450
REINSURANCE RECOVERED	0	0	0	0
	<u>70,267</u>	<u>27,182</u>	<u>69,001</u>	<u>166,450</u>
<u>CURRENT OUTSTANDING:</u>				
WINDSTORM & HAIL	1,434	39,151	155,861	196,446
REINSURANCE RECOVERABLE	0	0	0	0
<u>PRIOR OUTSTANDING:</u>				
WINDSTORM & HAIL	39,022	9,130	0	48,152
REINSURANCE RECOVERABLE	0	0	0	0
<u>INCURRED LOSS EXPENSE:</u>				
WINDSTORM & HAIL	<u>32,679</u>	<u>57,203</u>	<u>224,862</u>	<u>314,744</u>

EXHIBIT 5

**MISSISSIPPI WINDSTORM UNDERWRITING ASSOCIATION
INSURANCE IN-FORCE
DECEMBER 31, 2002**

<u>COUNTY</u>	<u>POLICIES IN-FORCE</u>	<u>INSURANCE IN-FORCE</u>
GEORGE	17	1,097,000
HANCOCK	2,436	249,227,000
HARRISON	5,288	612,650,000
JACKSON	2,827	305,545,000
PEARL RIVER	33	4,013,000
STONE	<u>12</u>	<u>849,000</u>
TOTALS	<u>10,613</u>	<u>1,173,381,000</u>

MISSISSIPPI WINDSTORM UNDERWRITING ASSOCIATION
REPORTING SCHEDULE P NUMBER OF CLAIMS OUTSTANDING
DECEMBER 31, 2002

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>TOTAL</u>
<u>COVERAGE:</u>											
WINDSTORM & HAIL	0	0	0	0	0	0	0	0	20	112	132
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>20</u>	<u>112</u>	<u>132</u>