

Alabama Insurance Underwriting Association Property Catastrophe Excess of Loss 2008 Reinsurance Overview

June 1, 2008

2008 Reinsurance Structure

Layer 4: \$205M xs \$375M

(Optional Purchase by Member Companies)

Deposit Premium: \$7,687,500

ROL: 3.75%

Layer 3: \$225M xs \$150M

Deposit Premium: \$10,687,500

ROL: 4.75%

Layer 2: \$50M xs \$100M

Deposit Premium: \$4,300,000

ROL: 8.6%

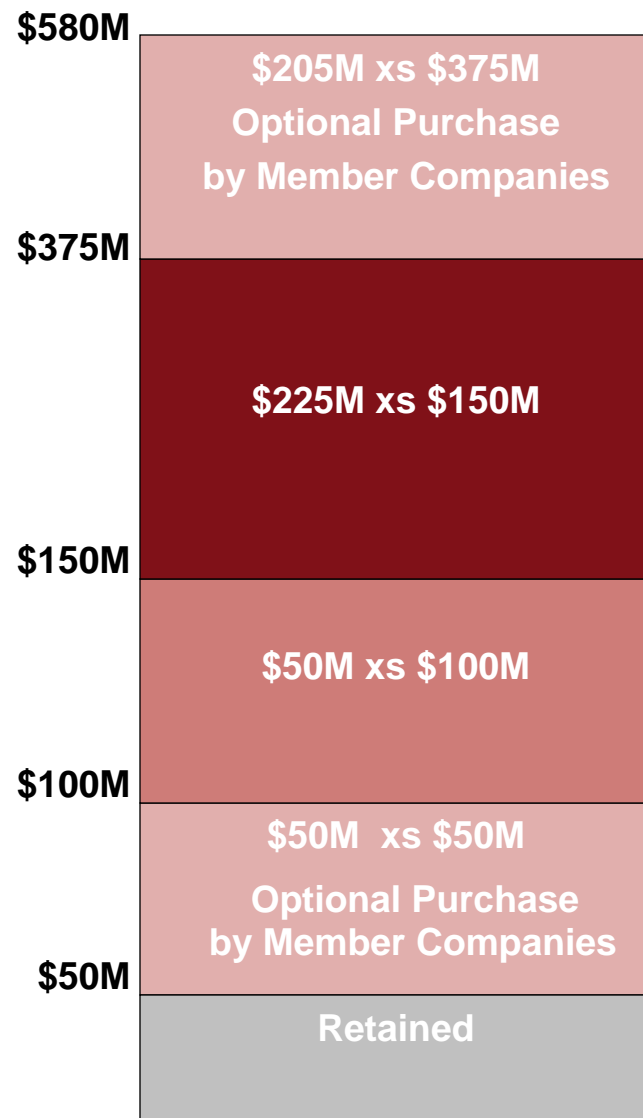
Layer 1: \$50M xs \$50M

(Optional Purchase by Member Companies)

Deposit Premium: \$6,000,000

ROL: 12.0%

Based on Projected 8/31/2008 TIV: \$1,740,000,000



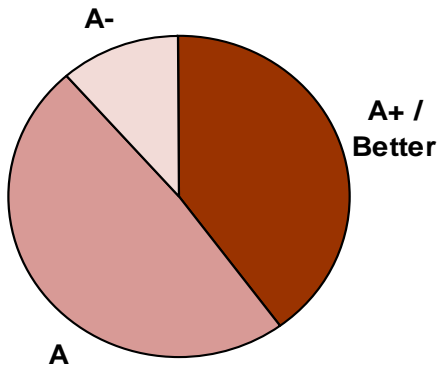
2008 Terms and Conditions

- ▶ Term: June 1, 2008 - June 1, 2009
- ▶ Retention: \$100M attachment with optional purchase of \$50M xs \$50M available by individual member companies
- ▶ Limit: Protection up to \$375M with optional purchase of \$205M xs \$375M available by individual member companies
- ▶ Premium: Adjustable only if TIV exceeds \$1,920,000,000 or is less than \$1,570,000,000 (10% adjustment-free corridor either side of 8/31/08 Projected TIV of \$1,740,000,000)
- ▶ Reinstatement: One at 100% as to time, pro-rata as to amount
- ▶ Extra Contractual Obligations & Excess Policy Limits: Included at 90%

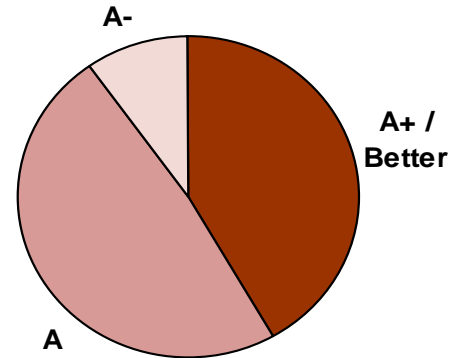
A.M. Best Market Security Comparison

Ratings as of June 1, 2008

2007



2008



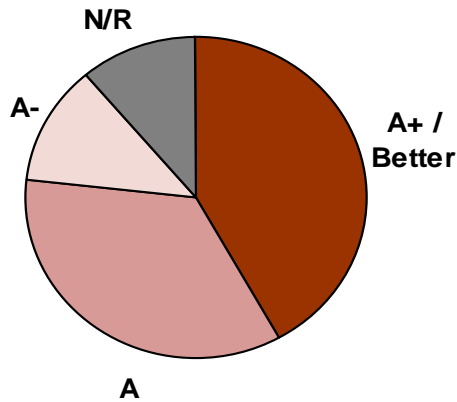
	<u>2007</u>	<u>%</u>
A+ / Better	\$104,050,000	40.02%
A	\$126,226,500	48.55%
A-	<u>\$29,723,500</u>	<u>11.43%</u>
	\$260,000,000	100.00%

	<u>2008</u>	<u>%</u>
A+ / Better	\$114,937,500	41.80%
A	\$133,062,500	48.39%
A-	<u>\$27,000,000</u>	<u>9.82%</u>
	\$275,000,000	100.00%

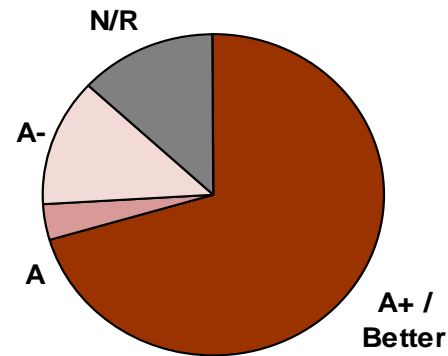
Standard & Poor's Market Security Comparison

Ratings as of June 1, 2008

2007



2008



	<u>2007</u>	<u>%</u>
A+ / Better	\$109,250,000	42.02%
A	\$90,250,000	34.71%
A-	\$31,950,000	12.29%
N/R	<u>\$28,550,000</u>	<u>10.98%</u>
	\$260,000,000	100.00%

	<u>2008</u>	<u>%</u>
A+ / Better	\$193,469,000	70.35%
A	\$9,343,500	3.40%
A-	\$36,250,000	13.18%
N/R	<u>\$35,937,500</u>	<u>13.07%</u>
	\$275,000,000	100.00%