

Sharing with our policyholders

Dividends are an important tool for sharing with loyal policyholders whose low claim losses help Texas Mutual Insurance Company control premiums. Over the past nine years, we have declared more than \$445 million in individual policyholder dividends. We have declared millions more in purchasing group dividends. Many policyholders have qualified for both types of dividends.

2007 – A record year for dividends

In 2007, we declared about \$125 million in individual policyholder dividends. The 2007 dividend plan was a company record.

What is a dividend?

When publicly owned corporations pay dividends, they distribute a portion of company earnings to their stockholders. All stockholders receive a dividend based on the number of shares they own. When Texas Mutual Insurance Company returns dividends, we reward specific policyholders based on customer loyalty and claim loss history.

What is an individual dividend?

Our individual dividend program includes an annual and retention component.

Annual component. The annual component rewards qualifying policyholders who had acceptable loss ratios for the policy that expired the previous year.

Retention component. The retention component rewards policyholders for up to five consecutive years of low claim loss experience with us, ending with the policy that expired the previous year. Many longtime Texas Mutual Insurance Company policyholders may have received increasing individual dividends because of the retention component.

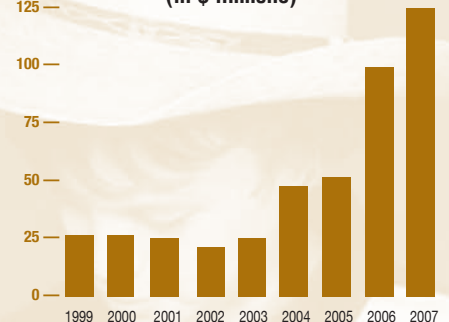
What is a purchasing group dividend?

Texas law allows employers in similar industries to reduce their workers' comp premiums by forming group discount programs, also called purchasing groups. Purchasing group dividends are based largely on each group's premium volume and loss ratio. We pay group dividends throughout the year.

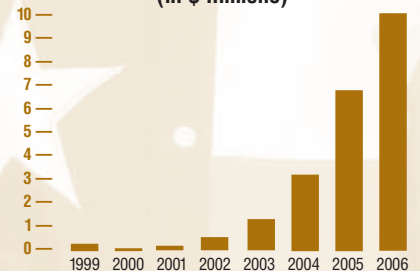
Past dividends are not a guarantee of future dividends, and the Texas Department of Insurance must approve all dividends.

DIVIDENDS

Individual Dividends
Distributions to Policyholders
(in \$ millions)



Purchasing Group Dividends
(in \$ millions)



Texas Mutual[®]
Insurance Company

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