

HERE FOR TEXAS. HERE TO STAY.

FINANCIAL STRENGTH



The workers' compensation market is volatile. Insurance carriers seem to come and go as often as the seasons. Sometimes, they leave their policyholders out in the cold.

Texas Mutual Insurance Company has made a long-term commitment to Texas employers and their employees. Our financial strength guarantees that we will keep that commitment for years to come.

STATUTORY SURPLUS

Our 2008 year-end statutory surplus was \$924.9 million, which equates to a premiums-written-to-surplus ratio of 0.8:1. That means we can write premium well over our 2008 written premium of \$768.3 million without compromising our financial strength.

REINSURANCE

We reduce our risk for catastrophic exposures through reinsurance. We are also a member of the Texas Property and Casualty Insurance Guaranty Association, which further protects our policyholders and claimants (for claims occurring on or after January 1, 2000).

STAYING THE COURSE

To ensure we stay the course for financial stability, we contract with independent auditors to review our progress each year. Deloitte & Touche LLP conducts an annual, independent audit of our financial statements and reserves. Milliman Inc., an international firm of consultants and actuaries that has been in business for five decades, also reviews our reserves.

BUSINESS WITH A MISSION

We are not a publicly traded company, so quarterly earnings do not drive our business strategy. Our mission is to provide a stable, competitive source of workers' comp insurance for Texas businesses.

FOCUSED ON TEXAS

Because we do not seek a national customer base, we made a conscious choice not to seek a national rating. Making Texas a safer, more productive place to work and do business is our bottom line.

[over...]

FINANCIAL INFORMATION

The data below is presented on a statutory basis (in millions).

Income & Expenses	Audited for the Years ended December 31,		
	2006	2007	2008
Premiums written	\$ 750.2	\$ 760.5	\$ 768.3
Net premiums earned	735.6	729.5	756.0
Underwriting losses and expenses	722.8	703.6	682.0
Net underwriting gain	12.8	25.9	74.0
Net investment income	166.7	180.5	37.5
Net other income (expense)	(0.5)	0.2	(0.5)
Dividends to policyholders	110.1	138.5	166.2
Net income (loss)	\$ 68.9	\$ 68.1	\$ (55.2)

Assets, Liabilities & Surplus	Audited December 31,		
	2006	2007	2008
Total assets	\$ 3,303.3	\$ 3,603.8	\$ 3,403.6
Total liabilities	2,041.7	2,297.8	2,478.7
Total policyholders' surplus	\$ 1,261.6	\$ 1,306.0	\$ 924.9



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