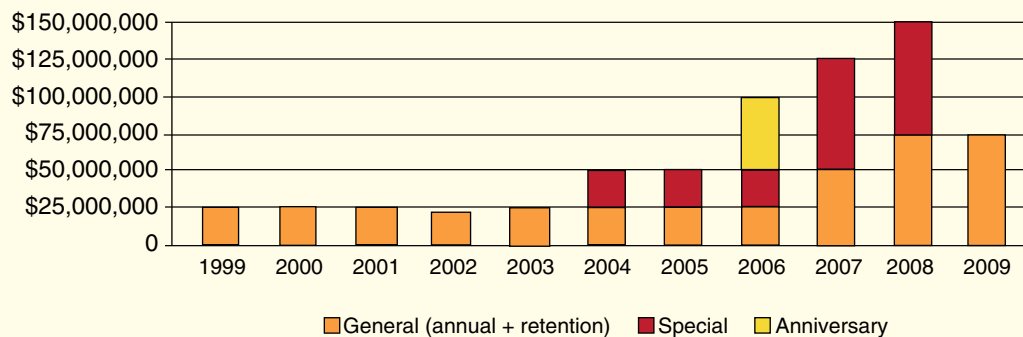


TEXAS MUTUAL: SHARING WITH POLICYHOLDERS

HOW DIVIDENDS ARE CALCULATED

Texas Mutual Insurance Company and your agent are committed to working with you to prevent on-the-job accidents and control claim costs. Dividends reward loyal policyholders who share our commitment. Below is a chart documenting the dividends Texas Mutual has paid to individual policyholders since 1999.

HISTORICAL DIVIDENDS



General dividends reward policyholders for profitability and renewal retention. Policyholders who qualify for general dividends also earn special dividends if declared by Texas Mutual. Special dividends are based on Texas Mutual's profitability, as well as other factors determined by executive management and the board of directors. In 2006, Texas Mutual paid an anniversary dividend to policyholders who qualified for general and special dividends. The dividend was a celebration of Texas Mutual's 15th anniversary.

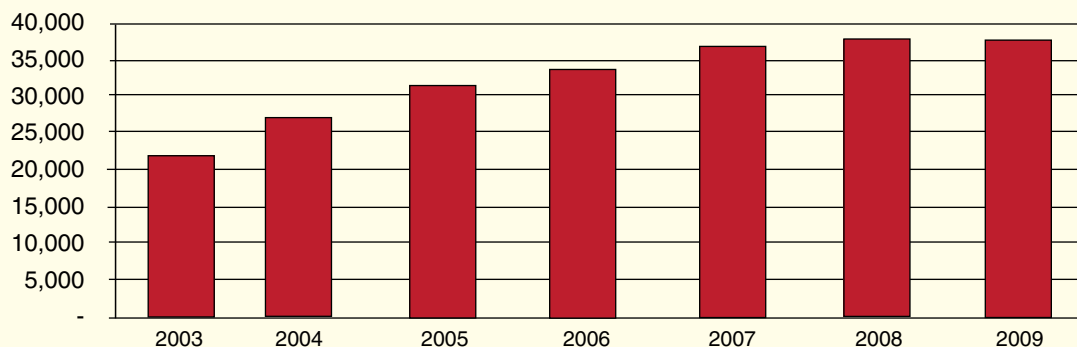
INDIVIDUAL DIVIDENDS:

- About 79 percent of Texas Mutual's policyholders have qualified for an individual policyholder dividend during the past two years.
- Texas Mutual has paid more than \$670 million in individual dividends since 1999.

PURCHASING GROUP DIVIDENDS:

- Purchasing group members are eligible for individual and group dividends.
- In 2008, about 97 percent of our groups earned dividends.
- Since 1999, Texas Mutual has paid \$63 million in group dividends over and above individual policyholder dividends.

QUALIFYING POLICYHOLDERS



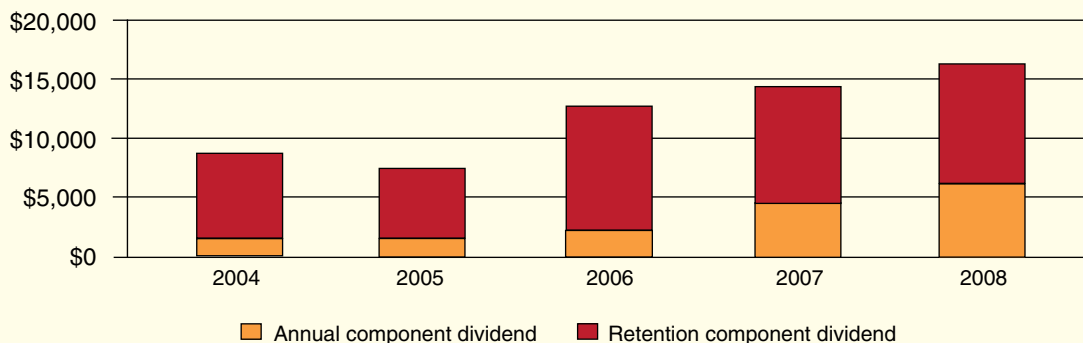
ANNUAL AND RETENTION COMPONENTS

Texas Mutual's dividend plan includes an annual component and a retention component. The annual component rewards policyholders that had an acceptable loss ratio during the policy year under consideration (2007 in the example). The retention component rewards policyholders for up to five consecutive years of acceptable loss ratios.

The examples below, taken from actual Texas Mutual accounts, show how we reward policyholders for low losses and loyalty through the annual and retention components of our dividend plan.

EXAMPLE 1

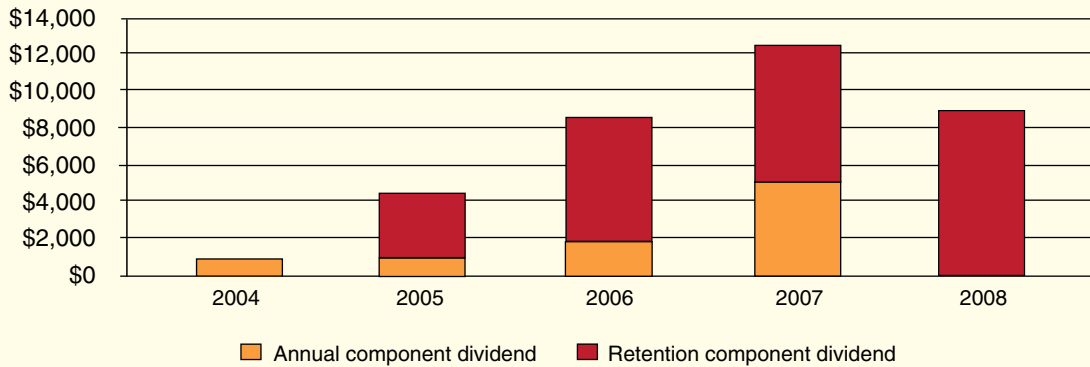
2007 ANNUAL PREMIUM ~ \$50K



Example one shows a policyholder who qualified for the annual and retention components between 2004 and 2008.

EXAMPLE 2

2007 ANNUAL PREMIUM ~ \$50K



Example two shows a policyholder who first qualified for dividends in 2004. In 2008, he did not qualify for the annual component, but we still rewarded him for low losses and loyalty through the retention component.

The above examples include special and anniversary components within the annual and retention dividend calculations.

EARLY-QUALIFIER DIVIDENDS

Most policyholders receive their dividend check in the summer. Policyholders who have not been with Texas Mutual long enough to qualify for the summer dividend may be eligible for an early-qualifier dividend based on their first-year loss ratio. We pay early-qualifier dividends in November.

This document is for illustrative purposes only. Past dividends are not a guarantee of future dividends, and the Texas Department of Insurance must approve all dividends.



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51000-969-0905
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Printed August 2009



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