

Texas Mutual to Pay a Record \$100 Million in Dividends Money Includes Special and Anniversary Dividends

May 31, 2006 - Approximately 34,000 Texas employers will receive a share of approximately \$100 million in dividends from Texas Mutual Insurance Company. This marks the largest dividend payout in the company's history.

The *Texas Mutual*[®] board of directors approved the company's 2006 \$25 million individual dividend plan, which includes an annual component and a retention component. The annual component is for qualifying policyholders with policies that expired in 2005. The retention component rewards qualifying policyholders for up to five consecutive years of low claim loss experience, ending with the policy that expired last year.

The company is also awarding a \$25 million special dividend and a \$50 million anniversary dividend. The special dividend is a discretionary award based on the company's exceptional financial results in 2005. The anniversary dividend is in celebration of the company's 15 years of service to Texas businesses.

"Texas Mutual Insurance Company has forged strong relationships with Texas employers, which have allowed the company to enjoy remarkable long-term success," said *Texas Mutual*[®] Chairman Martin Young Jr. "These dividends are part of our long-term commitment to help Texas businesses build for the future. The \$50 million anniversary dividend is a unique recognition of our 15 years of service and a special thank you to our policyholders who have contributed to that success."

Texas Mutual[®] policyholders with policies in force on June 15, 2006 may qualify for the dividend plan, which still requires Texas Department of Insurance approval. State law prohibits policyholders enrolled in the company's insurer of last resort program from receiving dividends.

Chairman Young also noted that individual dividends are separate from the company's purchasing group dividend programs. The company paid over \$6 million in dividends to its purchasing groups last year.

Over the past eight years, Texas Mutual Insurance Company has declared over \$320 million in dividends to qualifying policyholders. State law prohibits insurance

companies from guaranteeing annual dividends; however, Mr. Young said, "Our philosophy is to share the company's financial success with our good customers."