

**Meeting of the Board of Directors
Texas Windstorm Insurance Association
Teleconference/Web Conference****

August 3, 2021

Webinar

9:00 a.m.



TEXAS WINDSTORM
INSURANCE ASSOCIATION

Interested parties can listen to the meeting live by going to www.twia.org.

Go to "About Us/Board Meetings" and click on the webinar link.

*Indicates item on which General Manager believes the TWIA Board of Directors is likely to take action.
However, the board may take action on any item that appears on this agenda.

1. Call to Order 5 minutes
 - A. Welcoming Remarks – *Chandra Franklin-Womack*
 - B. Anti-Trust Statement and Conflict of Interest Disclosure – *Counsel*
 - C. Meeting Format Information – *Kristina Donley*

2. Approve the Minutes from Prior Board of Directors Meeting 5 minutes
– *Chandra Franklin – Womack**

3. Public Comment 45 minutes

4. TWIA Operational Highlights – *John Polak* 5 minutes

5. Financial 20 minutes
 - A. Report of the Secretary/Treasurer – *Corise Morrison**
 1. Income Statement
 - B. Financial Statement Review by Staff – *Jerry Fadden*
 1. Management Discussion and Analysis
 2. Income Statement
 3. Expense Detail
 4. Balance Sheet
 5. Cash Flow Statement
 6. Cash & Short-Term Investments
 7. Historical Data
 8. Net Coverage Revenues Calculation
 9. Policy Count/Exposures
 - C. 2021 Hurricane Season Funding – *Jerry Fadden*
 - D. Investment of Trust Fund Balances (Sec. 2210.4521) – *Jerry Fadden**
 - E. Selection of Auditors/Accountants for 2021 and Authorization of Non-Audit Services – *Jerry Fadden**
 - F. Process for Selecting Reinsurance Broker – *Jim Murphy**

6. Actuarial	60 minutes
A. Reserve Adequacy – <i>Jerry Fadden</i>	
B. Statutory Maximum Limits of Liability – <i>Jerry Fadden*</i>	
C. Proposed Endorsement and Rate Manual Filings – <i>Jim Murphy*</i>	
D. Review of TWIA Staff Rate Adequacy Analysis and Actuarial & Underwriting Committee Recommendations – <i>Jerry Fadden</i>	
E. Required 2021 Annual Rate Filing – <i>Jerry Fadden*</i>	
7. Amount of Agent Commission Paid by TWIA – <i>Ron Walenta*</i>	10 minutes
8. Internal Audit – <i>Bruce Zaret – Weaver</i> Internal Audit Status & Update	5 minutes
9. Underwriting – <i>Denise Larzalere</i>	10 minutes
A. Operational Review Update	
B. Depopulation	
10. Claims and Litigation	20 minutes
A. Claims Operations – <i>Dave Williams</i>	
B. Litigation Report – <i>David Durden</i>	
11. TWIA Operations	30 minutes
A. Update on Elevate (Policy Administration Upgrade) – <i>Denise Larzalere</i>	
B. Communications Update – <i>Jennifer Armstrong</i>	
12. Closed Session (Board Only)	10 minutes
A. Personnel Issues	
B. Legal Advice	
13. Consideration of Issues Related to Matters Deliberated in Closed Session That May Require Action, if any, of the Board of Directors*	5 minutes
14. Committees – <i>Chandra Franklin – Womack</i>	5 minutes
15. Future Meetings – <i>John Polak</i>	5 minutes
• December 7, 2021 – Omni Hotel – Corpus Christi, TX	
• February 22, 2022 – Hyatt Regency – Austin, TX	
• May 17, 2022 – Hyatt Regency – Austin, TX	
16. Adjourn	
Estimated Total Length of Meeting	4 hours 00 minutes

** In accordance with Governor Abbott’s directive suspending certain statutory provisions relating to open meetings and requiring certain actions of the boards of governmental bodies, this meeting may be conducted entirely by teleconference or web conference with no one gathered at a physical location.

1. Anti-Trust Statement

ANTI-TRUST COMPLIANCE STATEMENT

The Board of Directors of TWIA is committed to strict compliance with federal and state anti-trust laws. The anti-trust laws are designed to promote free and open competition and to penalize any activities that unreasonably lessen business rivalry. Members of the Board of Directors of TWIA may freely discuss and agree upon agenda items relating to their responsibilities as Directors including such topics as coordinating efforts regarding state or federal legislation, discussion of TWIA policy on legislative issues and methods of legislative lobbying including grass-roots lobbying, public relations, testimony before legislative committees and meetings with state and federal legislators and regulators.

Because TWIA meetings bring together competitors, any unauthorized discussion of topics prohibited by the anti-trust laws such as agreements between competitors on prices and rates, agreements to boycott third parties or agreements to divide markets or even individual insureds could lead to an inference that such an illegal agreement among participants to the discussion was in fact reached. Accordingly, the following guidelines apply to any meeting or other activity conducted under the auspices of TWIA:

- Someone on the TWIA staff shall be present at all times during meetings of the TWIA Board of Directors or other official activities such as meetings of various TWIA committees unless such meetings are for the purpose of discussing personnel matters;
- At any such meetings or official activities, there shall be no discussion of voluntary market rates, prices, discounts or other terms and conditions of sale without the General Manager or the General Counsel being present;
- There shall be no discussion of the areas in which TWIA Board members and their respective member companies will compete for the products and services that they will offer; and
- There shall be no discussion of any agreement or understanding to boycott a third party or to deal with a third party only on certain terms.

Texas Windstorm Insurance Association

5700 South MoPac Expressway, Building A, Austin, Texas 78749 • P.O. Box 99090, Austin, Texas 78709-9090
512-899-4900 / Fax 512-899-4950

TWIA Anti-Trust Compliance Statement

Without the prior authorization of TWIA's General Manager or its General Counsel, there shall be no discussion of agreements to deal exclusively with certain parties, requirements that purchasers of particular products or services must purchase other products or services, standard-setting, certification, statistical reporting, or codes of ethics and other self-regulatory activities.

- Only TWIA staff shall keep minutes of TWIA meetings and will immediately terminate any discussion that may violate these guidelines.
- At TWIA meetings, TWIA company representatives should adhere to the written agenda and outside of TWIA meetings should scrupulously avoid discussion of any topic that might violate these guidelines.

Severe civil and criminal penalties, including fines and imprisonment, can result from violations of the anti-trust laws. Whenever in doubt about how to apply these guidelines, the directors, members, officers and guests of TWIA should consult its General Manager and General Counsel and proceed in a conservative manner in order to avoid any actual, or apparent, violation of antitrust guidelines.

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2. Approve the Minutes



**Minutes of the Texas Windstorm Insurance Association
Board of Directors Meeting
Teleconference/Web Conference**

5700 South Mopac Expressway
Building A
Austin, TX 78749

May 18, 2021

The Following Board Members were Present:

- | | | |
|----|---------------------------------------|---------------------------------------|
| 1. | Chandra Franklin Womack (Chair) | First Tier Coastal Representative |
| 2. | Georgia Neblett (Vice Chair) | First Tier Coastal Representative |
| 3. | Corise Morrison (Secretary/Treasurer) | Industry Representative |
| 4. | Mike Gerik | Industry Representative |
| 5. | Karen Guard | Industry Representative |
| 6. | Tony Schrader | Non-Seacoast Territory Representative |
| 7. | Peggy Gonzalez | First Tier Coastal Representative |
| 8. | Tim Garrett | Non-Seacoast Territory Representative |
| 9. | Ron Walenta | Non-Seacoast Territory Representative |

The Following TWIA Staff, Counsel, and Agents were Present:

- | | | |
|-----|--|------------------------|
| 1. | John Polak, General Manager | TWIA |
| 2. | Jerry Fadden, Chief Financial Officer | TWIA |
| 3. | Dave Williams, VP Claims | TWIA |
| 4. | David Durden, VP Legal | TWIA |
| 5. | Denise Larzalere, VP Underwriting | TWIA |
| 6. | Jennifer Armstrong, VP Communications
and Legislative Affairs | TWIA |
| 7. | JD Lester, VP Human Resources | TWIA |
| 8. | Jim Murphy, AVP Analytics and
Special Projects | TWIA |
| 9. | Amy Koehl, Executive Assistant | TWIA |
| 10. | Kristina Donley, Sr. Instructional Designer | TWIA |
| 11. | Camron Malik, Chief Information Officer | TWIA |
| 12. | Mike Perkins, Association Counsel | Perkins Law Group PLLC |

The Following Guests were Present:

- | | | |
|----|---------------|--------------------------|
| 1. | Clark Thomson | Calhoun, Thomson + Matza |
| 2. | Tad Delk | Guy Carpenter |
| 3. | Bruce Zaret | Weaver |

The Association's Webinar Tool Attendance Report Indicates the Following Attendees Were Online:

- | | |
|-------------------|------------------|
| 1. Paula Aker | 19. Jeff Jones |
| 2. Marianne Baker | 20. Barbara King |
| 3. Patti Baker | 21. John Kopack |

- | | |
|----------------------|---------------------|
| 4. Lucien Bellsnyder | 22. Xiuyu Li |
| 5. Becky Campo | 23. Clarisse Lilley |
| 6. Michael Carter | 24. Lee Loftis |
| 7. Allen Cashin | 25. Laura Machado |
| 8. Cari Christman | 26. Travis McDavid |
| 9. Ebony Cormier | 27. Geanie Morrison |
| 10. Richard Denson | 28. Anne O'Ryan |
| 11. Sara Deyermond | 29. Nicole Sanders |
| 12. Steve Evans | 30. Anna Stafford |
| 13. Suzanne Freeman | 31. Robert Stickley |
| 14. Carlos Garcia | 32. Tom Tagliabue |
| 15. Alicia Gerte | 33. Aaron Taylor |
| 16. Stuart Harbour | 34. Vickie Vilce |
| 17. Hoi Heldt | 35. Joey Walker |
| 18. W. Dennis Isaacs | 36. Scott Weiss |
| | 37. Glenda Witman |

1. Call to Order: Ms. Franklin Womack called the meeting to order at 9:07 a.m. Board members were provided with a copy of the anti-trust statement and reminded of the prohibitions in the anti-trust statement by counsel. Mr. Perkins presented the required conflict-of-interest disclosures on behalf of each of the board members. Ms. Donley reviewed the housekeeping items.
2. Approval of Minutes: The minutes from the March 23, 2021 meeting were reviewed. Ms. Neblett moved to approve the minutes as presented. Mr. Garret seconded the motion. The motion passed.
3. Public Comment: There was no additional public comment.
4. TWIA Operational Highlights: Mr. Polak reported that members of TWIA staff met with more than 60% of coastal legislators and nearly all members of the House Insurance Committee to provide information on TWIA's operational activities and legislative priorities for the 87th Texas Legislative session. The Association remains below plan for Q1 2021 operating expenses and is on track to complete objectives for all strategic initiatives in 2021. Underwriting and claim service levels exceeded turnaround time and quality standards. The Association remains well below plan on litigated claims in Q1 2021.
5. Financial:
 - A. Report of the Secretary/Treasurer: Ms. Morrison reviewed the Treasurer's Report. Ms. Morrison moved to approve the report. Mr. Garrett seconded the motion. The motion passed.
 - B. Financial Statement Review by Staff: Direct written premiums through March 2021 totaled \$75.1 million, which is \$532,000 (0.7%) above the 2020 premiums of \$74.6 million. Direct written premium was \$201,000 (0.3%) higher than the

budgeted \$74.9 million. Policies in force at March 31, 2021 of 185,298 was 536 (0.3%) higher than the budgeted number of 184,762.

Written and earned reinsurance premiums were zero through March as the current year reinsurance program does not inception until June 1, 2021. Direct premiums earned year-to-date through March 2021 totaled \$90.6 million compared to \$92.3 million for the same period in the prior year (a decline of \$1.7 million or 1.9%). Direct premium earned was \$110,000 higher than the budget of \$90.5 million.

The one carrier that has signed up to participate in round five of depopulation completed their review of policies and selected approximately 35,000 policies for potential novation from TWIA. Starting April 1, agents can begin their review to determine which policies they will remove from the depopulation list.

Direct losses and LAE incurred for the three months ended March 31, 2021 totaled a negative \$32.5 million, which was \$39.7 million below the budgeted \$7.3 million. The lower than budgeted losses are primarily attributable to a reduction in the estimated ultimate losses and LAE for Hurricane Harvey of \$20.0 million and the 2020 hurricane events of \$18.2 million. Specifically, Hurricane Hanna was reduced \$1.5 million, Hurricane Laura by \$8.2 million and Hurricane Delta \$8.5 million. TWIA reported a YTD direct loss and LAE ratio of negative 35.9% compared to the budgeted 8.0%. The ultimate loss and loss adjustment expense estimate for Hurricane Harvey is \$1.68 billion.

Operating expenses for the three months ended March 31, 2021 of \$6.9 million were below budget by \$1.5 million (17.3%). Notable expense items under budget include contractors and temporary help (\$416,000), software/hardware (\$336,000), information technology consulting (\$209,000), actuarial services (\$214,000) and other professional services (\$87,000). The year-to-date operating expense ratio of 7.7% is below the budgeted ratio of 9.3% and below the prior year's ratio of 7.8%.

Year-to-Date commission expense of \$12.0 million and premium taxes of \$1.4 million were over budget by \$22,000 and \$10,000 respectively as direct written premium was slightly higher than budgeted levels.

Gross investment income for the three months ended March 31, 2021 was \$81,000, which was \$30,000 higher than the budgeted amount of \$51,000. Short term interest rates remain at extremely low levels. Interest expense on Class 1 bonds was on budget at \$4.7 million.

Net income for the three months ended March 31, 2021 was \$98.0 million or \$41.2 million (72.6%) above the budgeted income of \$56.8 million.

The deficit as of March 31, 2021 improved to \$80.2 million compared to \$160.5 million at December 31, 2020. The deficit declined due to the year-to-date March 2021 net income of \$98.0 million, which was partially offset by a statutory expense (CRTF) accrual of \$12.0 million and an increase of \$5.7 million in non-admitted assets, which consists primarily of capitalized software (Project Elevate) and prepaid expenses for Guidewire licensing, Eagleview, Expert Panel, premium tax and insurance.

- C. Investment Plan Review: Annually, the TWIA Board of Directors reviews the adequacy and implementation of the Association's investment plan as reflected in the Statement of Investment Objectives and Guidelines. This document does not cover investments in the CRTF or the assets held by the Texas Treasury Safekeeping Trust Company representing the proceeds and debt service payments of the Series 2014 bonds.

The primary focus of the investment plan is asset preservation and liquidity, along with compliance with the Texas Insurance Code and Plan of Operation of the Association.

On a quarterly basis, TWIA reviews the following criteria to monitor our counterparty relationships:

- Bank ratings and credit ratings from Moody or Standard and Poor's must meet 'AAA,' 'AA,' or 'A' ratings defined as "superior or strong" in credit ratings.
- Tier 1 capital ratio must be above a 10% ratio.
- The National Association Regulatory Capital must be in excess of \$25 billion.
- Total investment in any one financial institution will not exceed .2% of the national association's regulatory capital.
- Total investment in any one financial institution will not exceed 40% of TFPA's total portfolio.

At this time, staff is not recommending any changes to the investment plan. Ms. Neblett moved that the Board of Directors of the Texas Windstorm Insurance Association acknowledges its review of the adequacy and implementation of the Statement of Investment Objectives and Guidelines of the of the Association and accepts staff's recommendation to make no changes to the investment plan at this time. Mr. Walenta seconded the motion. The motion passed.

- D. 2021 – 2022 Funding/Public Securities: Mr. Fadden reviewed the details of the \$500 million line of credit with JP Morgan/Chase Bank. Ms. Neblett moved to approve the funding for this hurricane season with JP Morgan/Chase Bank as presented by staff and including adoption of the resolution presented, the form of which is attached to these minutes. Ms. Morrison seconded the motion. The motion passed.
- E. Financial Audit by Calhoun, Thomson + Matza: Clark Thomson provided a review of the audit findings. Ms. Neblett moved to approve the audit. Mr. Garrett

seconded the motion. Ms. Neblett stated she wanted to look at the defined benefit plan. Mr. Fadden said more detail could be provided with the budget review. Budget information will be provided earlier this year than in years past for board review. The motion passed.

6. Actuarial:

- A. Reserve Adequacy: The TWIA actuarial staff has completed a review of Texas Windstorm Insurance Association loss and loss adjustment expense reserves as of March 31, 2021.

The actuarial estimate of ultimate loss and loss adjustment expenses for Hurricane Harvey is in a reasonable range of \$1.66 billion to \$1.7 billion. The senior actuary has observed consistent favorable loss and expense development since first quarter of 2020, the ultimate loss and loss adjustment expense estimate is adjusted down by \$20 million to \$1.68 billion after careful consideration of inputs from claim and legal experts. The actual ultimate costs of Hurricane Harvey may differ substantially from the selected \$1.68 billion. This variability arises from the assumptions made regarding the adequacy of case reserves for 531 open claims, the outcome of disputed claims and the potential impact of future re-openings of closed claims as of March 31, 2021. About 290 of the 531 open claims are in some stage of litigation. There remains a material risk of adverse development due to the large variability associated with outstanding and future disputed claims, including those claims subject to litigation. The actuarial team will continue to monitor current case reserve adequacy, current and future litigation/disputes and future re-openings to ensure all outstanding obligations are properly reserved.

As of March 31, 2021, TWIA carried \$111.7 million in total gross loss and loss adjustment expense reserves with \$31.3K of the total gross ceded to carriers who have participated in the Association's Assumption Reinsurance Depopulation Program. The total gross loss and loss adjustment expense reserves include the reserves for Hurricane Ike, Harvey, Delta, Laura, Hanna and other outstanding claims. Collectability risk has been reviewed and found to be immaterial relative to total gross reserves.

In the opinion of the senior actuary, the Association's reserves met the requirements of the insurance laws of Texas, were consistent with reserves computed in accordance with accepted actuarial standards and principles and made a reasonable provision for all combined unpaid loss and loss expense obligations of the Association under the terms of its contracts and agreements. While there remains a material risk of adverse development, reserves continue to make a reasonable provision for unpaid loss and loss adjustment expenses.

- B. Policy Count/Exposures: There was a modest uptick in policy counts for the first quarter.

7. Internal Audit:

- A. Internal Audit Status & Update: Mr. Zaret reported the current audit activities, including legal and compliance, communications, disaster recovery, governance and cash management. Upcoming audits include information security, premium taxes, fraud risk assessment, plan of operation and actuarial.

8. Underwriting:

- A. Operational Review Update: Underwriting continues to have consistent turnaround time on all transactions. The goal is to issue 90% of new business submissions, endorsements, renewals and cancellations within 10 days. Staff is surpassing this standard with over 98% of all transactions processed within 10 days. Over 80% of new business and 94% of renewals were processed within one day. Quality assurance results on underwriting decisions continue to exceed established goals. Underwriting is operating below budget, largely due to managing headcount and better utilizing virtual and aerial inspections.

Legislatively mandated programs launched in 2020 include installment payments. This program to allow policyholders to pay in installments launched in November. It allows policyholders to pay in two installments. An additional 4-pay option is planned for implementation next year. Uptake of the installment plan is low. Currently, less than 2% of renewal payments are installments. New business members are slightly higher, with approximately 5% of payment submitted as installments.

TWIA launched the ability for policyholders to pay premium online directly to TWIA in November 2020. During the first quarter, approximately 3% of all payments received were made via credit card or debit cards directly by the policyholders. Approximately 6% of payments were received from the policyholder via electronic check.

Increasing effort is being focused on electronic payment methods and lockbox processing. Both of these methods improve efficiency internally and also allow the policyholder or agent to receive confirmation of payment faster than other payment methods which require manual processing. Comparing statistics from the first quarter 2021 (75.6%) to first quarter 2020 (39.8%), staff is seeing an improvement in utilizing these automated and outsourced methods, largely attributed to the introduction of lockbox and policyholder direct pay portal.

In preparation for system updates being implemented next year in the Elevate program, certain policy endorsement forms must be filed with TDI. Staff is taking steps to ensure all filings are completed as early as possible, as TDI has no statutory deadline for their review. Staff met with TDI on April 16 to preview the forms planned for filing and receive any initial feedback. Planned filings include additional coverage for other structures, building exclusions and indirect losses.

Last year, TWIA begin issuing renewal offers directly to policyholders along with a way to pay their renewals directly. In the fourth quarter, over 60% of renewals were processed with a direct payment from the policyholder or the mortgage company. Staff continues to evaluate modifications to the process to make it easier for agents to make any adjustments to the policy coverages prior to the renewal offer being sent.

Audits were performed on 20 agents (200 policies) in the first quarter of 2021 to verify compliance with the declination of coverage and flood insurance requirements. While 80% of agencies have completed their responses, several agencies have not yet responded or requested extensions to respond. Staff are pursuing responses from these agencies and escalating issues as necessary. Of the agents who have responded, 63% of policies reviewed were compliant with the requirement for proof of declination of coverage and staff are working to bring the remaining agencies into compliance. Three percent of the policies/properties selected for review required flood insurance. While most were compliant with TWIA's flood insurance requirements, one insured declined to purchase the required flood coverage and a Notice of Cancellation was issued for the policy. All agents have an active property and casualty insurance license.

Board members asked for additional information about what policyholders want concerning payment options. They asked that staff look at a 10-payment option and how fast it could be put into place.

- B. Depopulation: Currently TWIA is in round five of the program. The next milestone date for policies departing TWIA is March 2022. There is only one participating carrier for this round, Safe Point Insurance. TDI has approved Safe Point's participation in the program. The agent period will occur next, starting on April 1 and concluding on May 31. Ms. Neblett asked if tracking is being done to see if any of the policies that left came back to TWIA. Ms. Larzalere said a small amount have come back.

9. Claims:

- A. Claims Operations: First notice of loss to property inspection is taking on average 3.7 days. Total cycle time of first notice of loss to payment is taking 9.7 days. As of March 31, 2021, there were 546 open Harvey claims.
- B. Claims Litigation: For the first quarter of 2021, there were 6 new TWIA Claims in Suit were received and 27 were closed. There were 157 TWIA claims with Letters of Representation received and 90 were closed. The law firm Daly & Black holds the majority of these suits.

10. TWIA Operations:

- A. IT Systems Update: The Elevate program continues to make good progress in the construction phase. The project teams are focused on maintaining their velocity and the development teams are providing quality releases to the quality assurance teams.

The New Normal program, which will accommodate a flexible workforce capable of working seamlessly on-site or remotely, is on schedule. The New Normal program comprised four major work threads, people, change management, space management and technology and infrastructure. All work threads have started and are progressing well.

The systems development/production support releases continue with their monthly cadence, delivering various defect fixes and features for the business with quality and timeliness. The infrastructure and operations team continues to support remote work with excellent quality. All technology support and projects are on-track.

- B. Ethics Policy: As part of the normal cycle for the review of policies, staff has reviewed and revised the Association's Ethics Policy. The current Ethics Policy was initially adopted in 2011 and revised in 2016. The Ethics Policy was developed in compliance with Section 2210.107 of the Insurance Code, which requires the TWIA Board of Directors establish a code of conduct.

The revised document includes editorial changes, such as updating the mission and values statements, changing the references to "TFPA/TWIA" and "Associations" to the "Association" and adding examples to selected sections. Ms. Neblett moved to accept the revised TWIA Ethics Policy as presented. Ms. Morrison seconded the motion. The motion passed.

- C. Communications Update: The 87th Session of the Texas Legislature opened on January 12. March 12 was the deadline for legislators to file bills in the current legislative session. TWIA staff is tracking the status of 13 bills that are specifically on the topic of TWIA and seven other bills that may impact TWIA and insurance industry operations.

The Agent Advisory Group (AAG) met on April 8 for their second quarterly meeting of 2021. The meeting topics included updates on the Association's response to Winter Storm Uri, TWIA bills and activities during the 87th Legislative Session, the December rate filing and 2021 hurricane season funding and routine underwriting and project related updates.

11. Closed Session: There was no closed session.

12. Consideration of Issues Related to Matters Deliberated in Closed Session that May Require Action, if any, of the Board of Directors: There was nothing to consider.

13. Committees: There was nothing to discuss.

14. Future Meetings:

- August 3, 2021 – Webinar
- December 7, 2021 – Webinar

15. Adjourn: The meeting adjourned at 10:55 a.m.

Prepared by: Amy Koehl
Executive Assistant

Approved by: Chandra Franklin Womack
TWIA Chair

Approved by: Georgia Neblett
TWIA Vice Chair

**RESOLUTIONS OF THE BOARD OF DIRECTORS
OF**

TEXAS WINDSTORM INSURANCE ASSOCIATION

May 18, 2021

The undersigned authorized representative of the TEXAS WINDSTORM INSURANCE ASSOCIATION (the "Association") hereby certifies that the following resolutions were adopted at a public meeting of the Association's board of directors (the "Board") lawfully held and noticed, effective as of the date hereof:

RESOLVED, that in order to provide the Association with liquidity to facilitate payment by the Association of claims to its policyholders and related expenses, the Association may enter into a Credit Agreement (the "Credit Agreement") by and among the Association and JPMorgan Chase Bank, N.A., in its capacity as Administrative Agent (the "Administrative Agent"), and each of the financial institutions which are signatories thereto or which may become a party thereto from time to time (each a "Lender" and, collectively the "Lenders");

RESOLVED, FURTHER, that in connection with the Credit Agreement, the Association may execute and deliver to the Lenders one or more promissory notes in the original aggregate principal amount of up to \$500,000,000 (collectively, the "Notes");

RESOLVED, FURTHER, to secure repayment of the Association's payment and performance obligations under the Credit Agreement and the Notes the Association may execute and deliver to the Administrative Agent, a Financing and Pledge Agreement (the "Pledge Agreement", together with the Credit Agreement, the Notes, and the Pledge Agreements, collectively, the "Credit Documents");

RESOLVED, FURTHER, that in connection with the Credit Agreement, the Notes shall bear interest on the unpaid principal balance thereof at the rate or rates provided for in the Credit Agreement (said interest rate(s) to never exceed the maximum amount of interest permitted under applicable law, including without limitation, Chapter 1204 of the Texas Government Code), with accrued interest on the Notes being due and payable on the Interest Payment Dates (as defined in the Credit Agreement), and with the outstanding principal balance of the Notes being finally due and payable on the Maturity Date (as defined in the Credit Agreement);

RESOLVED, FURTHER, that in order to induce the Agent and the Lenders to enter into the Credit Agreement, the Association is hereby authorized to pay to the Administrative Agent and the Lenders any and all fees for extending credit to the Association thereunder as agreed pursuant to the Credit Documents;

RESOLVED, FURTHER, that the chief financial officer and/or the general manager of the Association be, and is/are, authorized and directed for and on behalf, and as the act and deed, of the Association to negotiate the specific terms of, and to execute and deliver to the Agent and the Lenders, the Credit Documents and such other instruments as Agent and Lenders may reasonably require in their discretion in connection with the Credit Documents (the "Ancillary Documents") and to take such other action in the consummation and/or administration of the renewal and extension of Credit Documents and the Ancillary Documents as such officer(s) shall deem to be necessary or desirable, and any and all acts heretofore taken by the above-described officer(s) to such end are hereby expressly ratified and confirmed as the acts and deeds of the Association;

RESOLVED, FURTHER, that the Credit Documents and the Ancillary Documents shall be in form and substance satisfactory to the Agent and the Lenders and in form and substance approved by the above-described officer(s) executing the same on behalf of the Association, his or her approval of each such instrument to be conclusively evidenced by the execution thereof by such officer(s);

RESOLVED, FURTHER, that such officer(s) of the Association be, and is/are, authorized and directed for and on behalf, and as the act and deed, of the Association and without further authorization of the Board, to negotiate and agree to on terms acceptable to such officer(s) any and all further renewals, extensions, modifications and/or amendments, but not any additional principal increases, to the credit extended to the Association pursuant to the Credit Agreement, and to execute and deliver to the Agent and the Lenders such documents as the Agent and the Lenders shall require to evidence any such renewal, extension, modification or amendment, but not any additional principal increase, and to take such other action in the consummation of the transactions therein contemplated as the officer(s) acting shall deem to be necessary or desirable;

RESOLVED, FURTHER, that any and all documents, agreements, certificates, opinions, letters, financing statements, consents, schedules and other instruments and writings executed and delivered on behalf of the Association in connection with the foregoing resolutions by the above-named representative of the Association shall be deemed to be the act of the Association and shall be in all respects binding against the Association;

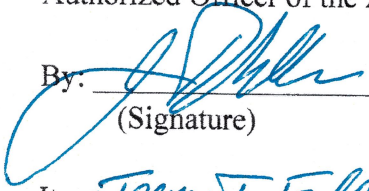
RESOLVED, FURTHER, that the Board has determined it to be in the best interest of the Association for the Association to enter into, execute and deliver the Credit Documents and to enter into, execute and deliver any Ancillary Documents required in connection with the Credit Documents;

RESOLVED, FURTHER, that the execution and delivery of and performance under the Credit Documents and the Ancillary Documents, and other actions contemplated herein, can reasonably be expected to benefit the Association, directly or indirectly; and

RESOLVED, FURTHER, that any and all acts, transactions or agreements undertaken by the officers of the Association for and on behalf and in the name of the Association, prior to the adoption of the foregoing resolutions, in connection with any of the foregoing matters including but not limited to, negotiation of the terms and/or execution and delivery of the Credit Documents and the Ancillary Documents be, and they are hereby, ratified, confirmed and approved in all respects for all purposes.

Executed and effective as of the date first written above.

Authorized Officer of the Association:









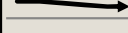





By: 
(Signature)

Its: James T. Fadden, CFO
(Printed Name and Title)

4. TWIA Operational Highlights

2021 TWIA Enterprise Scorecard

Reporting YTD as of June 30, 2021

	YTD	Trend	Goal	Δ	Performance
Operating Expense Ratio	7.9%		9.0%	-1.1%	
Net Income ¹	\$137.5 M		\$53.0 M	\$84.5 M	
Enterprise Projects	98%		90%	8%	
Policy Administration	100%		90%	10%	
Claims Handling	97%		90%	7%	
Litigated Claims	0.00%		0.50%	-0.50%	
Complaints	26		22	4	

Reference Data

Policies In-Force	188,185
Exposures In-Force	\$56.9 billion
Written Premiums YTD	\$194.1 million
Claims Received YTD	3,868
Losses Incurred YTD ²	\$16.8 million

² Excludes IBNR

¹ Net Income equals YTD 2021 net income reduced by YTD monthly principal prepayments on public securities.

Key Quarterly Activities

- Secured \$4.03 billion in total funding for the 2021 hurricane season.
- Submitted the 2021 Annual Report Card and Catastrophe Incident Response Plan to the Legislature and Insurance Commissioner as required on June 1.
- Trained more than 800 adjuster resources virtually in the Claims Department's annual Hurricane Preparedness and Adjuster Certification Conference.
- Remain below plan for Q2 2021 operating expenses.
- On track to complete Association objectives for all strategic initiatives in 2021.
- Exceeded turnaround time and quality standards on Underwriting and Claim service levels.
- Remain below plan on litigated claims in Q2 2021.

5. Financial

5A. Report of the Secretary/Treasurer

5A1. Income Statement

1	TEXAS WINDSTORM INSURANCE ASSOCIATION	1
2	Statutory Income Statement - Treasurer's Report	2
3	for the six months ended June 30,	3
4	(000's omitted)	4
5		5
6		6
7		7
8		8
9	Direct Premiums Written	9
10		10
11	Premiums Earned:	11
12	Direct Premiums Earned	12
13	Ceded Reinsurance Premiums	13
14	Ceded Reinsurance Premiums - Depopulation	14
15	Net Premiums Earned	15
16		16
17	Deductions:	17
18	Direct Losses and LAE Incurred	18
19	Direct Losses and LAE Incurred - Harvey	19
20	Direct Losses and LAE Incurred - Ike & Dolly	20
21	Ceded Losses and LAE Incurred - Depopulation	21
22	Operating Expenses	22
23	Commission Expense	23
24	Ceding commissions / brokerage	24
25	Ceding commissions / brokerage - Depopulation	25
26	Premium / Maintenance Tax	26
27	Total Deductions	27
28		28
29	Net Underwriting Gain or (Loss)	29
30		30
31	Other Income or (Expense):	31
32	Gross Investment Income	32
33	CRTF Funds Received	33
34	Member Assessment Income	34
35	Interest Expense on Class 1 Bonds	35
36	Debt Issuance & Other Investment Expenses	36
37	Other	37
38	Total Other Income or (Expense)	38
39		39
40	Net Income (Loss)	40
41		41
42	Surplus (Deficit) Account:	42
43	Beginning Surplus (Deficit)	43
44	Net Income (Loss)	44
45	Change in Provision for Reinsurance	45
46	Change in nonadmitted assets - Other	46
47	Other	47
48	Statutory Fund Cost	48
49	Ending Surplus (Deficit)	49
50		50

5B. Financial Statement Review by Staff

5B1. Management Discussion and Analysis

5B2. Income Statement

5B3. Expense Detail

5B4. Balance Sheet

5B5. Cash Flow Statement

5B6. Cash & Short-Term Investments

5B7. Historical Data

5B8. Net Coverage Revenues Calculation

5B9. Policy Count/Exposures

Texas Windstorm Insurance Association
Management's Discussion and Analysis of Financial Results for the
Six Months Ended June 30, 2021

Direct Written Premium:

- Direct written premiums through June 2021 totaled \$194.1 million, which was \$8.9 million (4.8%) above the \$185.2 million for the same period in 2020. Direct written premium was \$6.0 million (3.2%) higher than the budgeted \$188.1 million.
- Policies in force at June 30, 2021 of 188,185 was 3,789 (2.1%) higher than the budgeted number of 184,396.

Reinsurance Costs

- The TWIA 2021-2022 reinsurance program inceptioned on June 1st. The gross cost associated with the \$1.93 billion in coverage was \$100.1 million compared to a budgeted cost of \$114.8 million. This reflects an overall rate-on-line (ROL) of 5.2% compared to the 5.1% ROL for the 2020 program. The coverage purchased in 2021 was \$1.93 billion compared to the prior year coverage of \$2.1 billion reflecting the lower 1 in 100 PML.

Direct Premiums Earned:

- Direct premiums earned year-to-date through June 2021 totaled \$183.5 million compared to \$183.8 million for the same period in the prior year (a decline of \$351,000 or 0.2%).
- Direct premium earned was \$1.2 million higher than the budget of \$182.3 million.

Depopulation Program:

- The one carrier that signed up to participate in round 5 of depopulation selected approximately 32,000 policies for potential novation from TWIA. The agents review period closed on May 31 and approximately 31,750 policies were removed leaving roughly 250 policies for potential depopulation. After the end of hurricane season, owners of the remaining 250 policies will decide whether to allow their policy to transfer through depopulation or opt out and remain with TWIA.

Loss and Loss Adjustment Expense Incurred:

- Direct losses and LAE incurred for the six months ended June 30, 2021 totaled a negative \$27.9 million which was \$81.5 million below the budget of \$53.6 million. The lower than budgeted losses are attributable to the 2021 reduction in the estimated ultimate losses and LAE for Hurricane Harvey, the 2020 hurricane events, and lower than anticipated losses from the 2021 spring storm season.
- TWIA reported a YTD direct loss & LAE ratio of negative 15.2% compared to the budgeted 29.4%.
- The ultimate loss and loss adjustment expense estimate for Hurricane Harvey is \$1.68 billion.

Operating Expenses:

- Operating expenses for the six months ended June 30, 2021 of \$14.5 million were below budget by \$1.9 million (11.5%).
- Notable expense items under budget include contractors and temporary help (\$903,000), software/hardware (\$403,000), actuarial services (\$251,000), and legal services (\$87,000).
- The year-to-date operating expense ratio of 7.9% is below the budgeted ratio of 9.0%, and below the prior year's ratio of 8.1%.

Commission Expense and Premium Taxes:

- Year-to-date Commission expense of \$31.0 million and Premium taxes of \$3.6 million were over budget by \$938,000 and \$111,000 respectively as Direct Written premium was slightly higher than budgeted levels.

Other Income (Expense):

- Gross investment income for the six months ended June 30, 2021 was \$154,000 which was \$50,000 higher than the budgeted amount of \$104,000. Short term interest rates remain at extremely low levels.
- Interest expense on Class 1 bonds was on budget at \$9.4 million.

Net Income

- Net income for the six months ended June 30, 2021 was \$137.5 million or \$84.5 million (159.6%) above the budgeted income of \$53.0 million.

Surplus/(Deficit):

- The deficit as of June 30, 2021 improved to \$80.7 million compared to \$160.5 million at December 31, 2020. The deficit declined due to the year to date June 2021 net income of \$137.5 million which was partially offset by a statutory expense (CRTF) accrual of \$51.3 million and an increase of \$6.4 million in non-admitted assets, which consists primarily of capitalized software (Project Elevate), Expert Panel, Guidewire licensing, and Eagleview.

1	TEXAS WINDSTORM INSURANCE ASSOCIATION	1
2	Statutory Income Statement (000's omitted)	2
3	for the six months ended June 30,	3
4		4
5		5
6		6
7	Premiums Written:	7
8	Direct	8
9	Ceded	9
10	Ceded - Depopulation	10
11	Net	11
12		12
13	Premiums Earned:	13
14	Direct	14
15	Ceded	15
16	Ceded - Depopulation	16
17	Net	17
18		18
19	Deductions:	19
20	Direct Losses and LAE Incurred	20
21	Direct Losses and LAE Incurred - Harvey	21
22	Direct Losses and LAE Incurred - Ike & Dolly	22
23	Ceded Losses and LAE Incurred - Depopulation	23
24	Operating Expenses	24
25	Commission Expense	25
26	Ceding commissions / brokerage	26
27	Ceding commissions / brokerage - Depopulation	27
28	Premium / Maintenance Tax	28
29	Total Deductions	29
30		30
31	Net Underwriting Gain or (Loss)	31
32		32
33	Other Income or (Expense):	33
34	Gross Investment Income	34
35	CRTF Funds Received	35
36	Member Assessment Income	36
37	Interest Expense on Debt	37
38	Debt Issuance/Maintenance & Other Investment Expenses	38
39	Other	39
40	Total Other Income or (Expense)	40
41		41
42		42
43	Net Income (Loss)	43
44		44
45	Surplus (Deficit) Account:	45
46	Beginning Surplus (Deficit)	46
47	Net Income (Loss)	47
48	Change in Provision for Reinsurance	48
49	Change in nonadmitted assets - Other	49
50	Other	50
51	Statutory Fund Cost	51
52	Ending Surplus (Deficit)	52
53		53
54	Key Operating Ratios:	54
55	Direct:	55
56	Loss & LAE Ratio:	56
57	Non Hurricane	57
58	Hurricane Harvey	58
59	Hurricanes Ike & Dolly	59
60	Loss & LAE Ratio	60
61	UW Expense Ratio:	61
62	Acquisition	62
63	Non Acquisition	63
64	UW Expense Ratio	64
65		65
66	Combined Ratio	66
67		67
68	Net:	68
69	Loss & LAE Ratio:	69
70	Non Hurricane	70
71	Hurricane Harvey	71
72	Hurricanes Ike & Dolly	72
73	Loss & LAE Ratio	73
74	UW Expense Ratio:	74
75	Acquisition	75
76	Non Acquisition	76
77	UW Expense Ratio	77
78		78
79	Combined Ratio	79
80		80

TEXAS WINDSTORM INSURANCE ASSOCIATION					
Statutory Expense Report (000's omitted)					
for the six months ended June 30,					
Description	Actuals - 2021	Budget - 2021	Variance - 2021	Actuals - 2020	
Personnel Expenses					
Salaries & Wages - Permanent	\$ 6,750	\$ 6,978	\$ (228)	\$ 5,779	
Contractor & Temporary Help	4,954	6,026	(1,072)	3,562	
Payroll Taxes	516	566	(49)	445	
Employee Benefits	2,474	2,408	66	2,212	
Recruiting, Training & Other	87	175	(88)	117	
Subtotal	14,782	16,153	(1,371)	12,114	
Professional & Consulting Services					
Legal	236	321	(84)	204	
Accounting & Auditing	163	161	2	163	
Information Technology	2,792	3,116	(324)	1,256	
Actuarial Services	39	290	(251)	34	
Ombudsman Program	110	125	(15)	127	
Surveys & Inspections	641	681	(40)	663	
Disaster Recovery Services	164	288	(124)	195	
Other Services	2,470	2,489	(19)	2,019	
Subtotal	6,615	7,470	(855)	4,660	
Hardware/Software Purchases & Licensing	1,722	2,150	(428)	1,562	
Rental & Maintenance - Office/Equipment	655	646	9	680	
Travel Expenses	5	88	(83)	53	
Postage, Telephone and Express	456	444	12	434	
Capital Management Expenses	9	12	(3)	10	
Depreciation	14	14	(0)	14	
Other Operating Expenses	525	677	(152)	535	
Total Operating Expenses	\$ 24,782	\$ 27,654	\$ (2,872)	\$ 20,063	
Capitalization of Fixed Assets	(3,780)	(4,154)	374	-	
Reimbursement of Depop Servicing Expense	(15)	(20)	4	(37)	
Allocation To ULAE	(6,331)	(6,913)	582	(4,921)	
Allocation To Investing & Other Expense	(138)	(157)	19	(153)	
Net Operating Expense - UW Operations	\$ 14,517	\$ 16,410	\$ (1,893)	\$ 14,952	

(1) Summary Details for Other Services:

VENDOR	Amount	Department
Accenture LLP	\$ 1,026,673	Expert Panel
Risk Management Solutions Inc	\$ 297,913	Expert Panel
Marshall & Swift/Boeckh	\$ 270,043	UW
Xactware Solutions Inc	\$ 251,880	Claims
Clear Point Claims LLC	\$ 162,288	UW
EagleView Technologies Inc	\$ 132,049	Claims
ISO Services Inc	\$ 111,899	Claims
LYNX Services LLC	\$ 45,024	Claims
Cornerstone OnDemand Inc	\$ 39,760	HR
ADP Inc	\$ 26,766	HR
*Other Outside Services below \$20K	\$ 106,032	Various departments
Total Other Services	\$ 2,470,328	

1	TEXAS WINDSTORM INSURANCE ASSOCIATION			1
2	Statutory Balance Sheet (000's omitted)			2
3				3
4				4
5		June-21	December-20	5
6	Admitted Assets			6
7	Cash and short term investments:			7
8	Unrestricted	\$ 446,522	\$ 398,270	8
9	Restricted - Funds Held at TTSTC	94,067	83,406	9
10	Restricted - Funds Held at TTSTC (Non Admitted)	-	-	10
11	Total cash and short term investments	540,589	481,676	11
12	Premiums receivable & other	3,435	2,452	12
13	Assessment receivable	-	-	13
14	Amounts recoverable from reinsurers	2	66	14
15	Total admitted assets	\$ 544,026	\$ 484,193	15
16				16
17	Liabilities, Surplus and other funds			17
18	Liabilities:			18
19	Loss and Loss adjustment expenses	\$ 97,391	\$ 164,315	19
20	Underwriting expenses payable	14,739	11,038	20
21	Unearned premiums, net of ceded unearned premiums	113,177	185,917	21
22	Ceded reinsurance premiums payable	81,912	25,908	22
23	Principal Outstanding on Class 1 Pre Event Bonds	227,200	227,200	23
24	Interest Payable on Class 1 Pre Event Bonds	9,372	9,372	24
25	Provision for reinsurance	-	-	25
26	Other payables	29,594	20,894	26
27	Statutory fund payable	51,338	-	27
28	Total liabilities	624,723	644,644	28
29				29
30	Surplus and others funds			30
31	Unassigned surplus	(80,697)	(160,451)	31
32	Total liabilities, surplus and other funds	\$ 544,026	\$ 484,193	32
33				33
34				34
35	Balance in CRTF	\$ 180,707	\$ 179,174	35
36				36
37	Balance in CRTF including Statutory fund payable	\$ 232,045	\$ 179,174	37
38				38

1	TEXAS WINDSTORM INSURANCE ASSOCIATION	1
2	Statement of Cash Flows (000's omitted)	2
3	for the six months ended June 30,	3
4		4
5	Actuals - 2021 Budget - 2021 Variance - 2021	5
6		6
7	Cash flows from operating activities:	7
8	Premiums collected, net of reinsurance \$ 159,744 \$ 235,019 \$ (75,275)	8
9	Losses and loss adjustment expense paid (39,055) (76,051) 36,995	9
10	Underwriting expenses paid (48,856) (48,827) (28)	10
11	CRTF funds received - - -	11
12	Member assessment received - - -	12
13	Other (2,157) (802) (1,355)	13
14	Net cash provided by operating activities 69,676 109,339 (39,663)	14
15	Cash flows from nonoperating activities:	15
16	Statutory fund paid - - -	16
17	Other - - -	17
18	Net cash provided by nonoperating activities - - -	18
19	Cash flows from investing activities:	19
20	Sales and maturities of investments - - -	20
21	Net investment income (10,763) (10,261) (501)	21
22	Net cash provided by investing activities (10,763) (10,261) (501)	22
23	Cash flows from financing activities:	23
24	Borrowed funds - - -	24
25	Borrowed funds repaid - - -	25
26	Net cash provided by financing activities - - -	26
27		27
28	Net increase (decrease) in cash and short-term investments 58,913 99,078 (40,164)	28
29	Cash and short-term investments, Beginning 481,676 481,676 -	29
30	Cash and short-term investments, Ending \$ 540,589 \$ 580,754 \$ (40,164)	30
31		31

Texas Windstorm Insurance Association
Unrestricted Cash and Short Term Investments (\$ in 000's)
June 30, 2021

Bank	Non Interest Bearing	Interest Bearing	Total Amount of Deposits	Average Daily Balance for the Quarter	Investment Income during the Quarter	Average Annual Yield	Total Deposit % of TWIA's Portfolio	N.A. Bank Credit Rating	N.A Tier 1 Capital Ratio	N.A. Regulatory Capital	Are funds in excess of the N.A. Regulatory Capital?	
											> .2% of N.A. Reg Capital	> .2% of N.A. Reg Capital
							< 40%	Superior or Strong	> 10%	> \$25B		
Balances as of 6/30/2021:												
Bank of America, Operating	162	143,591	143,753	146,440	65	0.18%	32%	Superior	13.6%	\$167	No	
BlackRock Liquidity Funds (1)	0	130,126	130,126	94,565	1	0.00%	29%	N/A	N/A	N/A	N/A	
Citibank	201	16,986	17,188	16,986	0	0.01%	4%	Superior	13.9%	\$148	No	
JP Morgan Chase	10,216	0	10,216	0	0		2%	Superior	16.1%	\$242	No	
JP Morgan U.S. Treasury Plus Money Market Fund (2)	0	145,239	145,239	143,809	4	0.01%	33%	N/A	N/A	N/A	N/A	
Total of all financial institutions	10,579	435,943	446,522	401,800	71	0.07%	100%					
Balances as of 3/31/2021:												
Bank of America, Operating	162	143,098	143,260	149,215	66	0.18%	36%	Superior	13.5%	\$200	No	
BlackRock Liquidity Funds (1)	0	72,312	72,312	55,401	2	0.01%	18%	N/A	N/A	N/A	N/A	
Citibank	202	16,986	17,188	16,986	0	0.01%	4%	Superior	13.9%	\$145	No	
JP Morgan Chase	26,711	0	26,711	0	0		7%	Superior	15.7%	\$234	No	
JP Morgan U.S. Treasury Plus Money Market Fund (2)	0	135,233	135,233	145,730	9	0.03%	34%	N/A	N/A	N/A	N/A	
Total of all financial institutions	27,074	367,628	394,703	367,332	77	0.08%	100%					
(1) The Fund invests in U.S. Treasury bills, notes, trust receipts and direct obligations of the U.S. Treasury.												
(2) The Fund invests in U.S. treasury bills, notes, bonds and other obligations issued or guaranteed by the U.S. Treasury.												
(3) Balances in non-interest bearing accounts have increased to reduce bank charges as rates for earnings credits have generally exceeded yields on short-term investments.												
Bank credit rating, Tier 1 Capital Ratios, and Regulatory Capital were reviewed with the latest financial information available as of March 31, 2021. Rates, ratios and regulatory capital are comparable and consistent with year end National Association (N.A.) results.												

	TEXAS WINDSTORM INSURANCE ASSOCIATION												
	HISTORICAL DATA												
	1971 - 2021												
	(\$ with 000's omitted)												
	GROSS						NET						
	LIABILITY IN		RATE		WRITTEN		UNDERWRITING				CMTF BALANCE		
	FORCE	POLICY	CHANGES		PREMIUMS	LOSS &	EARNED	LOSS &	EXPENSES	UNDERWRITING	END OF PERIOD		
YEAR	END OF PERIOD	COUNT	RESID	COMML		LAE INCURRED	PREMIUMS	LAE INCURRED	INCURRED	GAIN (LOSS)			
1971	\$ 278,710	13,415			\$ 2,393	\$ 92	\$ 868	\$ 92	\$ 385	\$ 391			
1972	739,983	33,577			4,138	214	3,468	214	849	2,405			
1973	1,017,048	45,743			4,286	1,427	4,288	1,427	1,099	1,763			
1974	1,064,772	45,901			4,512	452	4,378	452	1,106	2,819			
1975	1,169,763	46,365			6,036	592	5,263	592	1,417	3,254			
1976	1,387,252	48,747			8,130	231	6,953	231	1,878	4,844			
1977	1,616,220	51,382			9,922	203	9,080	203	2,258	6,619			
1978	1,633,521	48,820			10,523	296	10,249	296	2,329	7,624			
1979	1,816,410	46,128			11,045	2,370	11,039	2,370	2,178	6,490			
1980	1,936,388	43,613			9,675	14,217	10,245	14,217	2,079	(6,051)			
1981	2,105,244	42,495			9,137	2,715	9,313	2,715	2,097	4,501			
1982	2,285,594	51,034			8,641	982	9,106	982	2,095	6,029			
1983	2,165,231	44,894			6,900	157,112	7,585	157,112	1,937	(151,463)			
1984	3,178,079	51,311			9,450	1,294	7,989	1,294	2,493	4,202			
1985	4,061,660	57,181			18,232	1,510	3,534	1,510	3,638	(1,614)			
1986	4,510,378	60,028			20,987	1,202	5,229	1,202	3,997	30			
1987	4,401,486	57,976			20,532	2,555	4,931	2,555	4,091	(1,715)			
1988	4,266,615	56,773	-5.4%	-15.0%	19,061	2,509	3,551	2,509	4,066	(3,024)			
1989	4,236,600	55,401	-	-	18,066	14,176	5,330	14,176	4,037	(12,883)			
1990	4,248,611	56,155	3.1%	-2.1%	18,244	1,590	16,761	1,590	4,171	11,000			
1991	4,346,209	54,145	25.0%	-2.0%	20,504	1,783	7,167	1,783	4,343	1,042			
1992	5,155,790	55,471	-20% (I)/-75% (B)	-22.9%	11,495	1,321	4,014	1,321	4,220	(1,527)			
1993	6,500,165	56,921	30.0%	-	19,377	4,778	123,515	4,778	5,161	113,576			
1994	7,645,176	63,348	-	-	26,545	1,572	25,692	1,572	6,982	17,138	124,847		
1995	8,828,140	69,807	25.0%	-	32,419	4,033	29,016	4,033	8,119	16,864	151,284		
1996	10,001,843	72,977	-	-	40,359	1,484	37,153	1,484	10,627	25,042	179,020		
1997	10,907,937	75,361	-	-	42,463	4,133	41,045	4,133	11,038	25,874	216,896		
1998	11,633,935	77,261	0.2%	-3.0%	44,411	27,235	28,256	27,235	12,181	(11,160)	238,221		
1999	11,972,502	75,947	-9.4%	-	44,581	11,320	28,702	11,320	11,524	5,858	250,403		
2000	12,052,604	73,815	8.7%	9.0%	48,012	7,937	28,470	7,937	11,681	8,852	268,563		
2001	13,249,407	77,022	18.5%	4.0%	54,631	8,011	31,112	8,011	12,936	10,165	280,063		
2002	16,003,048	85,668	-	5.0%	72,968	32,359	44,516	32,359	16,584	(4,427)	303,185		
2003	18,824,457	96,420	-	10.0%	87,987	24,955	51,702	24,955	19,682	7,065	305,599		
2004	20,796,656	103,503	9.6%	10.0%	102,384	6,115	52,230	6,115	21,911	24,204	308,729		
2005	23,263,934	109,693	-	10.0%	113,928	178,370	65,438	178,370	25,277	(138,209)	311,508		
2006	38,313,022	143,999	3.1%	13.4%	196,833	5,188	85,467	5,188	37,138	43,141	361,823		
2007	58,641,546	216,008	4.2%	3.7%	315,139	17,985	135,843	17,985	51,768	66,090	388,542		
2008	58,585,060	215,537	8.2%	5.4%	331,049	2,587,123	(138,560)	1,117,123	53,759	(1,309,442)	-		
2009	61,700,891	230,545	12.3%	15.6%	382,342	(486,314)	389,600	(183,974)	87,899	485,675	-		
2010	67,452,357	242,664	-	-	385,550	555,025	351,730	252,685	85,598	13,447	76,334		
2011	71,083,333	255,945	5.0%	5.0%	403,748	202,539	321,781	202,539	81,665	37,577	146,650		
2012	74,186,949	266,726	5.0%	5.0%	443,480	401,873	321,122	401,873	93,583	(174,334)	178,902		
2013	76,921,369	270,814	5.0%	5.0%	472,739	30,975	295,130	30,975	100,524	163,631	186,184		
2014	78,763,302	275,626	5.0%	5.0%	494,036	(13,994)	367,555	(13,994)	109,189	272,360	216,813		
2015	78,551,742	272,219	5.0%	5.0%	503,824	178,886	377,594	178,886	114,973	83,736	487,170		
2016	73,393,573	254,346	5.0%	5.0%	487,354	38,669	370,404	38,625	109,756	222,023	587,860		
2017	65,023,810	231,567	-	-	423,074	1,476,861	347,354	1,475,302	97,878	(1,225,826)	1,220		
2018	58,041,760	202,208	5.0%	5.0%	395,552	175,718	301,515	175,998	96,399	29,118	5,986		
2019	55,189,815	189,203	-	-	372,017	113,513	287,477	113,398	92,415	81,664	122,496		
2020	55,009,638	184,890	-	-	369,600	118,669	261,574	118,470	90,594	52,510	179,174		
2021	56,854,782	188,185	-	-	194,109	(27,866)	166,785	(27,805)	46,985	147,605	180,707		
TOTAL*					7,152,420	5,895,994	4,979,560	4,424,418	1,580,589	(1,025,447)			

*2021 data through 6/30/2021.

TEXAS WINDSTORM INSURANCE ASSOCIATION
HISTORICAL DATA
1997 - 2020 (24 Years)
(\$ with 000's omitted)



1	Premium and Other Revenues				1
2	Direct Earned Premium		6,405,440		2
3	Investment Income /Other		79,646		3
4	Premium and Other Revenues		6,485,086		4
5					5
6	Expenditures				6
7	Reinsurance Premiums/Commissions		(1,862,359)	28.7%	7
8	Losses		(1,507,215)	23.2%	8
9	Funded into CRTF	A	(1,035,034)	16.0%	9
10	Agents Commissions		(1,052,893)	16.2%	10
11	Operating Expenses		(489,080)	7.5%	11
12	Class 1 Bond Interest/LOC Expenses		(225,886)	3.5%	12
13	Early Redemption withholdings from 2019		-	0.0%	13
14	Repayment of Class 1 Bonds	B	(272,800)	4.2%	14
15	Other/Adjustments		(28,868)	0.4%	15
16	Federal Taxes		(10,951)	0.2%	16
17	Total TWIA Expenditures		(6,485,086)	100.0%	17
18					18
19	Net		-	-	19
20					20
21					21
22					22
23	Payment of Losses:				23
24	Reinsurers	D	1,498,634	}	24
25	Industry (Member Assessments)	E	1,000,633		25
26	Proceeds of Class 1 Bonds	F	449,172		26
27	CRTF Distributions	G	1,247,494	}	27
28	TWIA Direct Loss Payments	C	1,507,215		28
29	Total Losses		5,703,148	5,703,148	29
30			-		30
31					31
32	CRTF Summary				32
33	Beginning Balance (12/31/1996)		179,020		33
34	Contributions	A	1,035,034		34
35	Payment of Losses	G	(1,247,494)		35
36	Interest and Surcharges		212,614		36
37	Ending Balance		<u>179,174</u>		37
38					38
39	Class 1 Debt Summary				39
40	Proceeds of Offering		500,000		40
41	Payment of Losses	F	<u>(449,172)</u>		41
42	Net Proceeds Remaining - Debt Service Reserve Funds		<u>50,828</u>		42
43					43
44	Class 1 Principal Outstanding				44
45	Original Principal Amount		500,000		45
46	Principal Payments	B	<u>(272,800)</u>		46
47	Remaining Outstanding (12/31/20)		<u>227,200</u>		47



MEMORANDUM

DATE: July 15, 2021
TO: John Polak, General Manager
FROM: Jerry Fadden, Chief Financial Officer
RE: **Series 2014 Bonds – Net Coverage Revenue test**

Pursuant to the terms of the Series 2014 Bonds, the Association has certain reporting obligations. These include a quarterly certification that Net Coverage Revenues, as defined, are in excess of the Obligations and Administrative Expenses of the bonds equaling at least: (a) 110% of the most recent actual 4 quarter period; and (b) 125 % of the projected succeeding four calendar quarters.

Based on projected premiums and losses for the 4 quarters ending June 30, 2022, the prospective coverage ratio for the upcoming four calendar quarters (ending 06/30/2022) is 177% or 52 percentage points above the required forward looking ratio of 125%. The projections assume there are no unusual losses in 2021 and 2022.

The debt coverage ratio for the period ending June 30, 2021 is 111% or 1 percentage point above the specified ratio of 110%. This result includes losses from 2020 hurricanes Hanna, Laura and Delta as described below.

In addition, while TWIA's 2020 financial results included losses from Hurricane Hanna, Laura, and Delta, none of these events is considered a "Catastrophic Event" as defined in our statutes and bond documents. A "Catastrophic Event" is defined as an occurrence or a series of occurrences that occurs in a Catastrophe Area resulting in Losses and Operating Expenses of the Association in excess of Premium and Other Revenue of the Association. "Catastrophic Losses" means losses resulting from a "Catastrophic Event", and "Non-Catastrophic Losses" means Losses not resulting from a Catastrophic Event. Therefore, the 2020 Hurricane Events are not considered "catastrophic events" and associated losses are not considered "catastrophic losses" for the purpose of the Actual Net Coverage Revenue calculations and consequently are included with "non-catastrophic losses".

Pursuant to the bond documents, if either the Actual Net Coverage Revenue test or the Projected Net Coverage Revenue test falls below the applicable threshold (110% and 125%, respectively) the Association is required to disclose to the Texas Public Finance Authority ("TPFA") "the action or actions (including but not limited to rate changes, Reinsurance Costs adjustments, and other fiscal steps) necessary to meet" the requirements in the future. As of June 30, 2021, the Actual Net Coverage Revenue test and the Projected Net Coverage Revenue test both exceed the necessary thresholds as described above.



EXHIBIT A

TEXAS WINDSTORM INSURANCE ASSOCIATION				
Net Coverage Revenues Calculation (000's omitted)				
Actual Results Through June 30, 2021				
	Preceding 4 Qtrs Ended Jun-21		Succeeding 4 Qtrs Ending Jun-22	
1 Direct Premiums Written	378,463		382,831	See note 2
2				
3 Direct Premiums Earned	368,829		381,086	See note 2
4 Other Revenues	436		278	
5 Net Premium and Other Revenue	369,265		381,364	
6				
7 Non-Catastrophic Losses and Loss Adjustment Expenses (LAE)	93,360	See note 3	65,322	See note 3
8 Agent Commission Expense	60,505		61,253	See note 4
9 Taxes, Licenses & Fees	6,990		7,121	See note 5
10 Other Underwriting Expenses	27,966		29,921	See note 6
11 Catastrophe Reinsurance Costs (Premium net of Ceding Commission)	103,390		97,081	See note 7
12 Reinsurance Costs - Depop Quota Share (Premium, less ceding commission, less loss/LAE)	(39)		0	
13 Other Financial Arrangements (Credit facility closing fees & administration fees)	2,722		1,962	
14 Total All Expenses	294,894		262,660	
15				
16 Net Coverage Revenues (1)	74,371		118,704	
17				
18 Principal	46,400		50,200	
19 Interest	20,699		16,673	
20 Administrative Expenses	20		20	
21 Obligations and Administrative Expenses (2)	67,119		66,893	
22 Applicable Covenant %	110%		125%	
23 Covenanted Coverage Revenues (3)	73,831		83,617	
24				
25 Net Coverage Revenues Over (Under) Covenanted Coverage Revenues - (1) minus (3)	539		35,087	
26				
27 Net Coverage Revenues Divided By Obligations & Administrative Expenses (1) / (2)	111%		177%	

Key Assumptions/Notes:

- 1 Policies in Force at 6/30/2021 increased 1.5% from prior year June levels.
- 2 Actual and forecasted premiums reflect a 0% Rate Change effective 1/1/2021 and no rate change in the forecast period.
- 3 Losses & Loss Adjustment Expenses: The forecasted 2021/2022 loss and LAE ratios are based on TWIA Actuarial staff assumptions. The preceding 4 quarters include losses and loss adjustment expenses from Hurricane Hanna, Hurricane Laura and Hurricane Delta. While these events were each named hurricanes, the incurred losses and loss adjustment expenses are not considered catastrophic as losses and expenses are less than premium and other revenues.
- 4 Agent Commission Expense is calculated at 16% of Premiums Written
- 5 Taxes, Licenses & Fees are calculated at 1.86% of Premiums Written for 2021/2022.
- 6 Other Underwriting Expenses are based on the 2021/2022 forecast.
- 7 Reinsurance costs for the succeeding 4 quarters are based on the June 1, 2021 reinsurance contracts.
- 8 Depopulation Program activities resulted in a decrease in policy count of 1,003 for policies taken out via the Assumption Reinsurance Program effective 6/1/2020. The next novation is scheduled for 3/1/2022 estimating fewer than 250 policies to be novated.
- 9 Other Financial Arrangements represents commitment fees and administrative costs associated with the \$500 million credit facility which was renewed on June 1, 2021.

Texas Windstorm Insurance Association
Statistical Report
As of June 30, 2021



County	Policies In-Force		PIF Growth		Exposure In-Force		Exposure Growth		YTD Written Premium		Premium Growth	
	6/30/20	6/30/21	Actual	Percentage	6/30/20	6/30/21	Actual	Percentage	6/30/20	6/30/21	Actual	Percentage
Aransas	5,071	5,326	255	5.00%	1,652,593,481	1,825,306,153	\$172,712,672	10.50%	5,982,960	6,743,477	\$760,517	12.70%
Brazoria	29,525	29,330	-195	-0.70%	8,653,184,816	8,689,826,900	\$36,642,084	0.40%	26,722,777	27,770,236	\$1,047,459	3.90%
Calhoun	3,512	3,597	85	2.40%	938,717,466	994,471,901	\$55,754,435	5.90%	3,411,188	3,586,306	\$175,118	5.10%
Cameron	10,277	9,745	-532	-5.20%	2,904,980,367	2,860,500,569	-\$44,479,798	-1.50%	10,436,333	8,670,977	-\$1,765,356	-16.90%
Chambers	3,893	3,926	33	0.80%	1,286,448,830	1,345,524,399	\$59,075,569	4.60%	3,780,329	4,120,742	\$340,413	9.00%
Galveston	57,432	60,191	2,759	4.80%	19,189,947,287	20,546,413,098	\$1,356,465,811	7.10%	67,351,756	72,564,535	\$5,212,779	7.70%
Harris	3,379	3,492	113	3.30%	1,034,546,008	1,090,577,042	\$56,031,034	5.40%	2,338,021	2,453,133	\$115,112	4.90%
Jefferson	24,311	24,592	281	1.20%	5,678,232,669	5,812,684,907	\$134,452,238	2.40%	20,088,290	21,080,445	\$992,155	4.90%
Kenedy	17	18	1	5.90%	6,436,341	3,309,126	-\$3,127,215	-48.60%	32,778	21,364	-\$11,414	-34.80%
Kleberg	777	732	-45	-5.80%	173,459,613	165,672,998	-\$7,786,615	-4.50%	629,850	607,128	-\$22,722	-3.60%
Matagorda	4,229	4,309	80	1.90%	1,076,755,407	1,115,274,643	\$38,519,236	3.60%	3,702,132	3,859,839	\$157,707	4.30%
Nueces	36,691	36,702	11	0.00%	10,404,112,598	10,680,052,194	\$275,939,596	2.70%	34,738,824	36,511,206	\$1,772,382	5.10%
Refugio	340	322	-18	-5.30%	92,451,505	93,138,047	\$686,542	0.70%	327,542	327,370	-\$172	-0.10%
San Patricio	5,676	5,565	-111	-2.00%	1,532,146,698	1,542,617,744	\$10,471,046	0.70%	5,415,288	5,465,912	\$50,624	0.90%
Willacy	344	338	-6	-1.70%	84,889,641	89,412,760	\$4,523,119	5.30%	289,121	326,359	\$37,238	12.90%
Total	185,474	188,185	2,711	1.50%	54,708,902,727	56,854,782,481	\$2,145,879,754	3.90%	185,247,189	194,109,029	\$8,861,840	4.80%

Texas Windstorm Insurance Association

Quarterly Liability Report

As of June 30, 2021



Class of Business	Policies Written		Risks Written		Premium Written		Liability at End of Quarter		In-Force at End of Quarter	
	During Qtr	YTD	During Qtr	YTD	During Qtr	YTD	Direct	Indirect	Policies	Risks
Aransas										
Commercial	140	204	349	426	1,095,737	1,272,426	233,824,940	4,844,340	297	624
Manufactured Home	63	94	63	95	88,271	134,757	7,260,933	0	131	132
Residential	1,568	2,607	1,645	2,729	3,186,285	5,336,294	1,584,220,280	132,763,015	4,898	5,146
Total	1,771	2,905	2,057	3,250	4,370,293	6,743,477	1,825,306,153	137,607,355	5,326	5,902
Brazoria										
Commercial	230	395	332	624	1,175,288	2,288,251	356,340,202	6,999,499	665	1,058
Manufactured Home	59	99	59	99	92,515	154,958	10,892,542	0	166	167
Residential	8,901	15,019	9,129	15,382	15,038,407	25,327,027	8,322,594,156	1,072,872,589	28,499	29,191
SUM:	9,190	15,513	9,520	16,105	16,306,210	27,770,236	8,689,826,900	1,079,872,088	29,330	30,416
Calhoun										
Commercial	51	96	65	150	308,388	536,808	109,264,112	2,371,150	189	376
Manufactured Home	27	39	27	39	36,733	54,584	3,872,834	0	69	69
Residential	1,047	1,679	1,119	1,878	1,854,431	2,994,914	881,334,955	72,588,489	3,339	3,696
SUM:	1,125	1,814	1,211	2,067	2,199,552	3,586,306	994,471,901	74,959,639	3,597	4,141
Cameron										
Commercial	241	416	464	713	2,102,427	3,089,053	1,022,671,526	6,771,145	616	1,183
Manufactured Home	21	31	21	31	21,775	34,281	2,626,402	0	60	60
Residential	2,856	4,700	2,890	4,757	3,326,933	5,547,643	1,835,202,641	186,971,231	9,069	9,242
SUM:	3,118	5,147	3,375	5,501	5,451,135	8,670,977	2,860,500,569	193,742,376	9,745	10,485

Texas Windstorm Insurance Association

Quarterly Liability Report

As of June 30, 2021



Class of Business	Policies Written		Risks Written		Premium Written		Liability at End of Quarter		In-Force at End of Quarter	
	During Qtr	YTD	During Qtr	YTD	During Qtr	YTD	Direct	Indirect	Policies	Risks
Chambers										
Commercial	26	42	35	53	161,366	270,621	49,941,196	652,900	87	132
Manufactured Home	7	12	7	12	9,874	16,624	1,827,847	0	31	31
Residential	1,198	2,031	1,255	2,123	2,256,952	3,833,497	1,293,755,356	170,338,579	3,808	3,997
SUM:	1,231	2,085	1,297	2,188	2,428,192	4,120,742	1,345,524,399	170,991,479	3,926	4,160
Galveston										
Commercial	676	1,102	1,144	1,913	8,176,619	13,596,930	2,303,352,203	47,876,950	1,849	3,297
Manufactured Home	73	104	73	105	103,370	151,541	11,597,069	0	227	229
Residential	18,712	30,941	19,195	31,939	35,855,743	58,816,064	18,231,463,826	2,025,152,236	58,115	60,007
SUM:	19,461	32,147	20,412	33,957	44,135,732	72,564,535	20,546,413,098	2,073,029,185	60,191	63,533
Harris										
Commercial	17	25	35	46	95,293	141,897	33,849,905	435,630	52	97
Manufactured Home	2	2	2	2	713	713	135,300	0	4	4
Residential	1,113	1,764	1,152	1,812	1,446,374	2,310,523	1,056,591,837	137,655,304	3,436	3,511
SUM:	1,132	1,791	1,189	1,860	1,542,380	2,453,133	1,090,577,042	138,090,934	3,492	3,612
Jefferson										
Commercial	225	351	317	485	1,125,458	1,805,379	297,543,942	9,054,679	638	962
Manufactured Home	16	22	16	22	28,454	40,037	2,249,950	0	31	31
Residential	8,209	12,798	8,370	13,051	12,284,820	19,235,029	5,512,891,015	697,682,826	23,923	24,417
SUM:	8,450	13,171	8,703	13,558	13,438,732	21,080,445	5,812,684,907	706,737,505	24,592	25,410

Texas Windstorm Insurance Association

Quarterly Liability Report

As of June 30, 2021



Class of Business	Policies Written		Risks Written		Premium Written		Liability at End of Quarter		In-Force at End of Quarter	
	During Qtr	YTD	During Qtr	YTD	During Qtr	YTD	Direct	Indirect	Policies	Risks
Kenedy										
Commercial	0	1	0	5	0	13,292	694,441	0	1	5
Manufactured Home	0	0	0	0	0	0	0	0	0	0
Residential	4	6	6	10	3,176	8,072	2,614,685	35,800	17	26
SUM:	4	7	6	15	3,176	21,364	3,309,126	35,800	18	31
Kleberg										
Commercial	18	25	33	45	79,753	101,222	14,633,223	559,320	36	62
Manufactured Home	2	2	2	2	3,613	3,613	144,500	0	2	2
Residential	213	354	227	368	310,342	502,293	150,895,275	15,902,600	694	727
SUM:	233	381	262	415	393,708	607,128	165,672,998	16,461,920	732	791
Matagorda										
Commercial	50	81	99	143	289,361	408,552	77,182,134	1,899,585	157	244
Manufactured Home	7	12	7	12	9,647	19,672	1,387,907	0	21	21
Residential	1,393	2,380	1,441	2,454	2,019,665	3,431,615	1,036,704,602	105,396,152	4,131	4,265
SUM:	1,450	2,473	1,547	2,609	2,318,673	3,859,839	1,115,274,643	107,295,737	4,309	4,530
Nueces										
Commercial	580	962	1,195	1,886	4,651,633	7,139,300	1,456,208,332	35,555,609	1,670	3,167
Manufactured Home	17	20	17	20	25,373	32,323	1,693,900	0	30	30
Residential	11,457	18,755	11,827	19,327	18,080,630	29,339,583	9,222,149,962	1,032,899,866	35,002	35,938
SUM:	12,054	19,737	13,039	21,233	22,757,636	36,511,206	10,680,052,194	1,068,455,475	36,702	39,135

Texas Windstorm Insurance Association

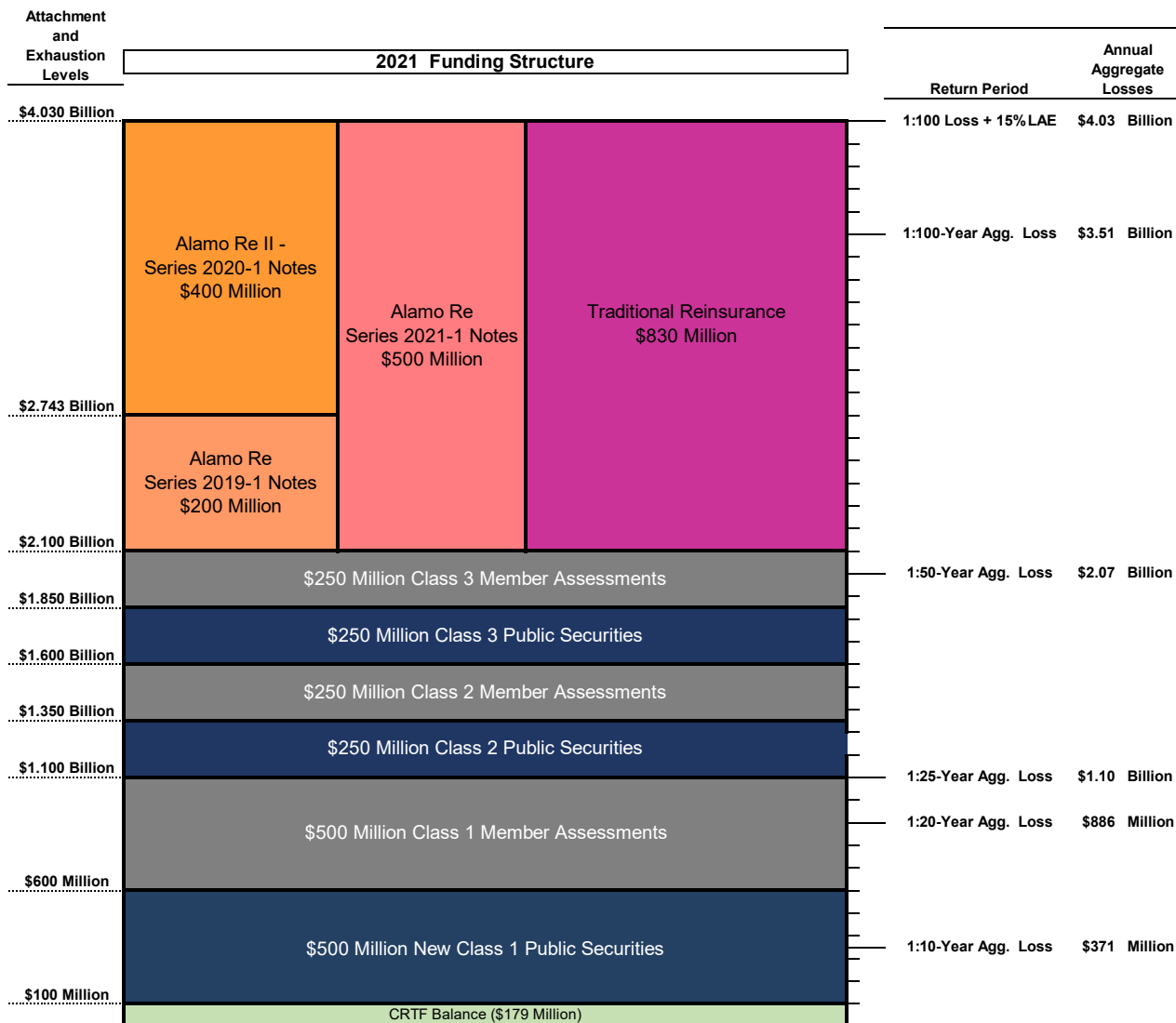
Quarterly Liability Report

As of June 30, 2021



Class of Business	<u>Policies Written</u>		<u>Risks Written</u>		<u>Premium Written</u>		<u>Liability at End of Quarter</u>		<u>In-Force at End of Quarter</u>	
	During Qtr	YTD	During Qtr	YTD	During Qtr	YTD	Direct	Indirect	Policies	Risks
Refugio										
Commercial	13	17	19	29	54,091	60,939	20,834,421	90,000	31	62
Manufactured Home	8	12	10	14	13,589	19,029	1,150,504	0	16	19
Residential	83	156	100	178	131,333	247,402	71,153,122	6,873,225	275	309
SUM:	104	185	129	221	199,013	327,370	93,138,047	6,963,225	322	390
San Patricio										
Commercial	83	140	147	252	362,715	714,978	102,943,333	2,846,745	221	393
Manufactured Home	13	21	13	21	22,831	37,444	2,000,751	0	29	29
Residential	1,720	2,861	1,771	2,985	2,800,755	4,713,490	1,437,673,660	170,620,708	5,315	5,500
SUM:	1,816	3,022	1,931	3,258	3,186,301	5,465,912	1,542,617,744	173,467,453	5,565	5,922
Willacy										
Commercial	7	13	7	20	66,676	72,346	16,468,074	198,450	29	56
Manufactured Home	4	6	4	6	5,651	8,151	383,635	0	7	7
Residential	98	144	104	154	183,823	245,862	72,561,051	5,217,671	302	326
SUM:	109	163	115	180	256,150	326,359	89,412,760	5,416,121	338	389
Total All Counties										
Commercial	2,357	3,870	4,241	6,790	19,744,805	31,511,994	6,095,751,984	120,156,002	6,538	11,718
Manufactured Home	319	476	321	480	462,409	707,727	47,224,074	0	824	831
Residential	58,572	96,195	60,231	99,147	98,779,669	161,889,308	50,711,806,423	5,832,970,291	180,823	186,298
SUM:	61,248	100,541	64,793	106,417	118,986,883	194,109,029	56,854,782,481	5,953,126,293	188,185	198,847

5C. 2021 Hurricane Season Funding



Notes:

Storm frequencies based on an average of AIR and RMS modeled losses using TWIA exposures as of 11/30/20 for the 2021 season.
2021 catastrophe model return periods based average of AIR v8.0 and RMS v18.1 gross aggregate loss estimates, including hurricane and severe convective storms ("SCS"), including demand surge, but excluding storm surge. Hurricane losses are based on the near-term and Warm Sea Surface Temperature (WSST) event sets.

5D. Investment of Trust Fund Balances (Sec. 2210.4521)



MEMORANDUM

DATE: July 19, 2021
TO: John Polak, General Manager
FROM: Stuart Harbour, Controller
RE: **Investment of Trust Fund Balances (Sec. 2210.4521)**

SB 900 added the following requirement regarding the Catastrophe Reserve Trust Fund (CRTF):

Sec. 2210.4521. INVESTMENT OF TRUST FUND BALANCES.

(a) The comptroller shall invest in accordance with the investment standard described by Section 404.024(j), Government Code, the portion of the trust fund balance that exceeds the amount of the sufficient balance determined under Subsection (b). The comptroller's investment of that portion of the balance is not subject to any other limitation or other requirement provided by Section 404.024, Government Code.

(b) At least once each 12-month period, the board of directors shall determine a balance for the trust fund that the board considers to be sufficient to meet the cash flow requirements of the fund in funding the payment of insured losses as provided by Section

2210.452(a). [Emphasis added] After determining that sufficient balance, the board shall provide notice of the sufficient balance to the comptroller.

TWIA Board of Directors last reviewed this provision as required in 2020 at the August Board of Directors Meeting.

This statutory provision requires the Comptroller to invest excess CRTF funds in a less restrictive manner using a "prudent investor" standard and it requires the TWIA board to provide an annual notification to the Comptroller regarding the excess funds/sufficient balance amount in the CRTF. The CRTF Balance is approximately \$180.7M as of June 30, 2021. The CRTF is utilized for funding losses and expenses in excess of current year premiums and other revenue. Since there is a reasonable possibility that all of the funds in the CRTF may be required to be utilized in the event of a catastrophic event, TWIA staff believes that all the funds in the CRTF are necessary to meet the potential cash flow requirements of the fund in funding the payment of insured losses as provided by Section 2210.452(a). Thus, there are **no excess funds** in the CRTF at this time to be invested by the Comptroller under the prudent investor standard set forth in Chapter 424 of the Government Code.



Suggested resolution language for the TWIA board of directors' use at the August 3, 2021 meeting is as follows:

Resolved, that based on association staff analysis and recommendation the Board of Directors hereby determines that at this time the entire balance of the Catastrophe Reserve Trust Fund is required to be kept available to meet the cash flow requirements of the fund in funding the payment of insured losses as provided by Section 2210.452(a) of the Texas Insurance Code. Thus, staff is directed to notify the Texas Comptroller's Office that the fund balance does not exceed the sufficient balance as defined in statute.

Please let me know if you have any questions or would like to discuss this matter.

Stuart Harbour

5E. Selection of Auditors/Accountants for
2021 and Authorization of
Non-Audit Services



MEMORANDUM

DATE: July 19, 2021
TO: John Polak, General Manager
FROM: Stuart Harbour, Controller
RE: **Selection of Auditors/Accountants for 2021 and Authorization of Non-Audit Services**

Each year the association retains an accounting firm to conduct an audit of the association's financial statements as of and for the year ended December 31. We are currently in the evaluation stage of an RFP process and intend to make a recommendation to the board of directors at the August 3, 2021 meeting to select the association's independent auditor and authorize execution of engagement letters. Staff will also request authority to use the audit firm selected as needed over the coming year for assistance with certain tax related items and for non-audit services associated with the issuance of catastrophe bonds. Before the meeting, board members will be sent the results of the staff evaluation of the proposals and the staff recommendation via email. At the meeting, if the board accepts the staff recommendation, we will ask for the following resolution to be passed. Jerry Fadden's detailed memo explaining the process and the RFP itself are attached for reference.

Resolution language:

The Board of Directors of the association acting as the audit committee authorizes and directs staff to engage the firm of _____ to conduct the upcoming annual Statutory and GASB audits of the association's financial statements. The staff of the association is further authorized and directed to engage _____ to provide permitted tax related non-audit services and certain non-audit services in connection with the issuance of catastrophe bonds during the coming year as needed.

Please let me know if you have any questions or would like to discuss this matter.

Stuart Harbour



MEMORANDUM

DATE: July 15, 2021

TO: John Polak, General Manager

FROM: Jerry Fadden, Chief Financial Officer

RE: Request for Proposals – TWIA and TFPA Annual Financial Audits

Request for Proposals – Annual Audit

Texas Windstorm Insurance Association (“TWIA”) and the Texas FAIR Plan Association (“TFPA”) issued a joint request for proposals (“RFP”) in late June to obtain proposals from qualified accounting firms for the annual audits of both associations. The last RFP for external audit services was issued in 2013 and the Austin firm of Calhoun, Thomson and Matza was selected and have served as the auditors for TWIA and TFPA annually since that time. The RFP requests that respondents provide a combined proposal (with separate pricing) for both the TWIA and TFPA audits since TWIA manages the activities of TFPA and it would be inefficient to utilize separate auditors for the associations as the financial accounting processes of TWIA also create the accounting transactions of TFPA.

RFP – Timeline

The established timeline for the RFP process is displayed in the table below. The RFP process is compressed between the completion of the prior year-end audit and the August Board meeting to allow time for contract award prior to the start of interim audit work in October or November.

Date	Event
June 25, 2021	Issuance of RFP in Texas Register and posted on TWIA and TFPA websites
June 26, 2021 through July 2, 2021 5:00 PM Central Time	Deadline for Submission of Written Questions
July 9, 2021	Responses to Written Questions Posted on the TWIA Website
July 16, 2021	Deadline for Submission of Proposals
August 2 & 3, 2021	Recommendation presented to TFPA Governing Committee and TWIA Board of Directors
August 31, 2021	Targeted Contract Execution



RFP Procedures

Notification and Firm Contact List

The issuance of the RFP was announced in the Texas Register on June 25, 2021 concurrent with the announcement and posting of the RFP on both the TWIA and TFPA websites. TWIA also developed a firm contact list of known, qualified accounting firms that perform audits of Texas firms and included accounting firms that have previously expressed interest in working with TWIA. The TWIA RFP coordinator reached out to the following firms to notify them of the RFP issuance and invite them to submit proposals.

- Deloitte LLP
- Calhoun, Thomson & Matza, LLP (current auditors)
- Thomas Howell Ferguson, P.A. (Current 401k Auditors)
- Ernst & Young LLP
- PriceWaterhouse Coopers
- BDO Seidman
- KPMG
- Grant Thornton
- CliftonLarsonAllen
- Maxwell, Locke and Ritter

Four firms, Ernst & Young, PriceWaterhouse Coopers, KPMG and Grant Thornton could not be reached or were non-responsive . Email notifications of the RFP issuance and posting on the Texas Register and TWIA website were sent to the contact names provided by representatives of the remaining six firms.

Proposal Evaluation Committee

A Proposal Evaluation Committee has been established and assigned specific responsibilities regarding the completion of the RFP process. Evaluation criteria and scoring worksheets have been developed to facilitate the evaluation process. The Proposal Evaluation Committee consists of the following 5 senior TWIA employees:

1. David Williams (Claims)
2. Jerry Fadden (Finance)
3. Sonya Palmer (Legal)
4. Jessica Crass (Underwriting)
5. Anna Stafford (Communications and Legislative Affairs)



Valuation Criteria and Scoring

Proposals will be evaluated against specific criteria that have been developed to aid the evaluators during their review of each proposal. The criteria have been documented using a series of questions in a Scoring Guidelines document that has been provided to each member of the evaluation committee. Proposals will be assigned points based on these criteria as listed below. The total number of points used to score each proposal is 100. The following criteria will be considered in scoring each proposal:

Evaluation Criteria	Weight
<i>Experience and References.</i> <ul style="list-style-type: none">• Experience and qualifications of the specific individuals who are anticipated to perform the services described in this RFP.• References must relate to the type of relevant work experience performed.• Experience must demonstrate quality, reliability, and ability to provide the services detailed in this RFP.• Indicators of probable performance under a past contract, financial stability, infrastructure, and ability to perform all services described in this RFP.	40 points
<i>Clarity and content of Proposal.</i> <ul style="list-style-type: none">• Clarity and content of Respondent's proposal, including their understanding of the nature of the solicitation, their work plan, and their communication skills.	30 points
<i>Cost.</i> <ul style="list-style-type: none">• Reasonableness of costs.	30 points
Total Points	100 points



SELECTION OF ACCOUNTING FIRM

Once all of the proposals from the respondents have been evaluated, a listing will be compiled of the scores for all firms.

The TFPA Governing Committee and the TWIA Board of Directors will be presented with a recommendation based on the scoring results at the August 2nd and 3rd meetings and make the final selection of the firm to be sent a Notice of Intent to Award letter.

Please let me know if you have any questions.

Jerry

TEXAS WINDSTORM INSURANCE ASSOCIATION

REQUEST FOR PROPOSALS

No. TWIA - 0003 Accounting Services- Annual Audit

Issue Date: June 25, 2021

Deadline for Submission: July 16, 2021 5:00 PM CST, Austin, Texas

Emailed responses will be received until the date and time established for receipt. Responses received later than the specified date and time will be disqualified as untimely.

Submit Responses by Email to: AccountingRFP@twia.org

To obtain a copy of this RFP or for other inquiries, please contact:

Stuart Harbour
Texas Windstorm Insurance Association
Email: AccountingRFP@twia.org

****NOTE**** Any Addendum that adds new language or replaces any language within this RFP controls over the original version.

1 Table of Contents

1	Table of Contents	2
2	GENERAL INFORMATION	4
2.1	Introduction	4
2.2	TWIA Contact Person	4
2.3	Submission Deadline	4
3	DESCRIPTION OF SERVICES/STATEMENT OF WORK	5
3.1	Annual Audit	5
3.2	Other Goods and Services	6
3.3	Status Updates	6
3.4	Quality Assurance Review	6
4	CONTRACT TERM AND RENEWAL OPTIONS	6
4.1	Governing Law	6
4.2	Venue	7
4.3	Respondent Pricing	7
4.4	Travel Costs	7
4.5	Standards of Performance	7
4.6	Public Information Act Disclosures	7
4.7	Proprietary Interests and Final Work Product	8
4.8	Accuracy of the Proposal and Cost of Submitting the Proposal	8
4.9	Exception to Provisions	8
4.10	Responsive Information	8
5	RFP SELECTION PROCESS	9
5.1	Written Questions and Official Response	9
5.2	Selection of Short List of Respondents	9
5.3	Oral Presentations	9
5.4	Best and Final Offer (BAFO)	9
5.5	Contract Negotiations	10
5.6	Best Value Consideration	10
6	SCHEDULE OF EVENTS	10
7	EVALUATION CRITERIA	11
8	PROPOSAL/RESPONSE FORMAT	12
8.1	Respondent Documents	12
8.2	Proposal Format	12
9	RESPONSE DOCUMENTS	12
9.1	Transmittal Letter	12

9.2	Proposal Submission Checklist	13
9.3	Title Page	13
9.4	Table of Contents	13
9.5	Executive Summary.....	13
9.6	General Background, Qualifications and Experience of Respondent.....	14
9.7	Specific Expertise, Experience and Qualifications (Engagements)	14
9.8	Key Staff Qualifications	14
9.9	Subcontractors	14
9.10	Schedule.....	15
9.11	References and Peer Review	15
9.12	Financial Responsibility	15
9.13	Professional Insurance	15
9.14	Actual or Potential Conflicts of Interest.....	15
9.15	Cost.....	16
10	Mandatory Pricing Form	16
11	Definitions	18
12	Attachment 1 - PROPOSAL SUBMISSION CHECKLIST.....	20

2 GENERAL INFORMATION

2.1 Introduction

The Texas Windstorm Insurance Association (“TWIA”) is an association of property insurers created pursuant to Chapter 2210 of the Texas Insurance Code. TWIA insures against losses due to windstorm and hail in certain designated areas of Texas. TWIA invites all qualified Respondents to submit proposals in accordance with the requirements outlined in this Request for Proposals (RFP). The purpose of this RFP is to obtain proposals from qualified Respondents for the accounting services described in this RFP.

This RFP contains the instructions governing the requirements for a proposal to be submitted by interested Respondents, the format in which the proposal is to be submitted, the material to be included in the proposal, the requirements that must be met to be eligible for consideration, the method of selecting a Respondent, and the Selected Respondent’s duties and responsibilities.

Respondents to this RFP are expected to provide TWIA with information and evidence that will permit awarding a contract in a manner that provides the best value to TWIA. Respondents should include in their written proposal all requirements, terms or conditions they may have, and should not assume that an opportunity exists to add such matters after the proposal submission. Unacceptable terms and conditions added by Respondents may cause TWIA to reject the proposal, despite other factors of the evaluation. As described below, this RFP is for accounting services related to the 2021 financial statement audits of both TWIA and the Texas FAIR Plan Association (“TFPA”). TWIA manages the operations of the TFPA.

2.2 TWIA Contact Person

The TWIA contact person identified below is the sole point of contact for this RFP. All communications concerning this procurement and the proposals must be submitted by email to:

Stuart Harbour
AccountingRFP@TWIA.org

Other than the above-named contact person, prospective Contractors or their representatives must not contact TWIA representatives or employees to discuss the contents of this RFP. The restriction shall not, however, preclude discussion between affected parties for the purpose of conducting business unrelated to this procurement.

The contact person at TWIA for day-to-day administration of the contract will be determined upon award. This individual may appoint one or more delegates to assist in the day-to-day administration of the contract and may notify Selected Contractor in writing of those delegates.

2.3 Submission Deadline

Responses to this RFP must be received before the hour and date specified on page 1 of this RFP. Late responses properly identified will be returned by email to Respondent unopened. Dates of receipt for

email responses will be the date shown as received by our system. In no event will TWIA be liable for responses delayed by email systems. Late responses will not be considered under any circumstances. TWIA reserves the right to evaluate responses submitted prior to the stated deadline as they are received.

To be entitled to consideration, Respondents proposals must clearly indicate that Respondents have available the necessary qualified personnel, skills, organization, and facilities to fulfill all the services required under this RFP and any resulting contract. Proposals must demonstrate familiarity and experience with the delivery of accounting services as described in this RFP.

Auditing Experience in the Insurance Industry. Respondent shall be a vendor who has provided auditing services for the insurance industry for a minimum of ten (10) consecutive years as of the date of this RFP, as evidenced by a description of prior engagements. This information must be submitted with the Respondent's Proposal, to be responsive to the "Experience" requirement under "General Background, Qualifications and Experience" (see RFP Section 9.6).

Qualified Key Staff. Respondent must have qualified key staff dedicated to the project. Respondent must specifically detail the qualifications, education, training, experience, and certifications of the key staff who will provide services under the Contract resulting from this RFP. This information must be described in the "Key Staff Qualifications" Section of the Respondent's Proposal (see RFP Section 9.8).

Licensures. Respondent (and/or the key staff member(s) whom Respondent assigns to the project) must be a current holder of the following professional designations: Certified Public Accountant licensed in the State of Texas who is employed by a firm licensed by the Texas State Board of Public Accountancy.

3 DESCRIPTION OF SERVICES/STATEMENT OF WORK

The Texas Windstorm Insurance Association (TWIA) is requesting sealed competitive bids/proposals for the accounting services described below. Selected Respondent will be responsible for performing all the services and for complying with all of the requirements of this RFP.

3.1 Annual Audit

The Selected Respondent will conduct audits in accordance with auditing standards generally accepted in the United States of America covering the financial statements of the two Associations for the year ending December 31, 2021. Statutory and GASB audit reports will be required for TWIA while only a statutory report will be issued for TFWA. Financial statements must comply with the accounting practices prescribed or permitted by the Texas Department of Insurance, National Association of Insurance Commissioners' Accounting Practices and Procedures Manual, Texas state law, Generally Accepted Accounting Principles ("GAAP") and Governmental Accounting Standards Board ("GASB") guidelines, as appropriate. Separate audit reports will be issued for TWIA with one based on accounting practices prescribed or permitted by the Texas Department of Insurance (Statutory Basis) and the other based on a GAAP/GASB Basis.

The results of this audit will be communicated in letter format to the Board of Directors. The auditor will also communicate any reportable conditions found during the audit and any recommendations for

correction and improvement in accounting procedures and internal controls. A reportable condition shall be defined as a significant deficiency in the design or operation of the control structure which could adversely affect the Association's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Auditors shall be required to make an immediate written report of all irregularities and illegal acts to the Board of Directors. The auditor will be required to present their audit reports and any findings to the Board of Directors at meetings scheduled by the Associations in May 2022.

The auditor will be required to make working papers available to the Association and may be required to allow the State Auditor for Texas the opportunity to review the audit work and work products.

The audit results will be shared with the Board of Directors, Texas Department of Insurance, and possibly other entities for purposes of issuing securities or obtaining lines of credit. The audited statutory financial statements for both TWIA and TFPA are posted annually on the respective association websites.

3.2 Other Goods and Services

TWIA may request that Selected Respondent provide additional services throughout the term of any resulting contract. A contract amendment will be executed to reflect any additions or deletions of the services. Costs for any additional services associated with other miscellaneous or special projects must be negotiated by the parties.

3.3 Status Updates

The Selected Respondent shall be available to participate in discussions by telephone, virtual meeting or in person the status of the accounting work and other matters covered under the Statement of Work and Contract resulting from this RFP.

3.4 Quality Assurance Review

Selected Respondent must conduct a Quality Assurance review of all work performed under the resulting Contract.

4 CONTRACT TERM AND RENEWAL OPTIONS

The terms of any contracts resulting from this RFP shall be for the audits of TWIA's 2021 Statutory and GASB financial statements and TFPA's 2021 Statutory financial statements. TWIA and TFPA shall have the option in their sole discretion to renew any resulting contracts for up to four (4) additional one (1) year periods. In the event of such renewal, the scope of services, deliverable dates, and contract amounts may be negotiated.

4.1 Governing Law

The RFP and any resulting contract and work orders shall be governed, construed, and interpreted in accordance with the laws of the State of Texas (but not rules governing conflicts of law issues).

4.2 Venue

Any action or proceeding related to this RFP and any resulting contract and work orders shall be brought as a separate action in Travis County, Texas and venue is proper in only such county.

4.3 Respondent Pricing

Respondents shall offer pricing in accordance with the Mandatory Pricing Form provided in Part 10. TWIA will not make any payments to the Selected Respondent for any costs incurred by the Selected Respondent that were not included in the Respondent's pricing sheet and not approved by TWIA. TWIA shall only pay for costs that are approved and allowable and in accordance with the requirements of this RFP.

4.4 Travel Costs.

TWIA will not reimburse travel costs or costs for meals, lodging, or any other out-of-pocket expenses incurred in conducting the work required under any contract resulting from this RFP. All travel related expenses shall be borne entirely by the Selected Contractor, with the exception of required travel to TWIA Board of Directors' meetings.

4.5 Standards of Performance

Respondent must meet and comply with the Standards of Performance described in this RFP, including all requirements of the contract and all laws, regulations, standards, and other requirements applicable to conform to the standards of the accounting profession as contained in the Code of Professional Conduct and pronouncements of the American Institute of Certified Public Accountants, and the Rules of Professional Conduct of the Texas Board of Public Accountancy.

4.6 Public Information Act Disclosures

TWIA is subject to the Texas Public Information Act (PIA), Texas Government Code Chapter 552. The Proposal and other information submitted to TWIA by the Respondent are subject to release as public information by TWIA. The Proposal and other submitted information are presumed subject to disclosure unless a specific exception to disclosure under the PIA applies.

- a) If it is necessary for the Respondent to include proprietary or otherwise confidential information in its Proposal or other submitted information, the Respondent must clearly label that proprietary or confidential information and identify the legal basis for confidentiality. Merely making a blanket claim that the entire Proposal is protected from disclosure because it contains some proprietary information is not acceptable and will make the entire Proposal subject to release under the PIA.
- b) In order to trigger the process of seeking an opinion from the Office of the Attorney General (OAG) on the release of proprietary or confidential information, the specific provisions of the Proposal that are considered by the Respondent to be proprietary or confidential must be clearly labeled as described above.
- c) Any information which is not clearly identified by the Respondent as proprietary or confidential will be deemed subject to disclosure pursuant to the PIA, and Respondent

will be deemed to have irrevocably consented to disclosure. Respondent agrees to waive any claim of infringement against TWIA and agrees to indemnify TWIA for any claims regarding the Intellectual Property Rights of Respondent or any third-party for any materials appearing in the Proposal.

4.7 Proprietary Interests and Final Work Product

All work-papers, data, materials, testimony, information, and reports developed by Respondent will remain the property of Respondent. Respondent will make working papers available to State insurance regulators pursuant to authority given them by law or regulation. Access to the requested working papers will be provided to the State insurance regulators pursuant to a request under Chapter 401 of the Texas Insurance Code.

4.8 Accuracy of the Proposal and Cost of Submitting the Proposal

Respondent's Proposal must be true and correct and must contain no cause for claim of omission or error.

TWIA will not reimburse the Respondent for any cost related to the preparation or submission of the Proposal. Respondent is responsible for any expense related to the preparation and submission of its Proposal.

4.9 Exception to Provisions

If Respondent takes any exceptions to any provisions of this RFP, these exceptions must be specifically and clearly identified by RFP section in Respondent's Proposal in response to this RFP and provided in the Executive Summary addressed in Section 9.5 or in a spreadsheet submitted as an attachment to the Executive Summary letter.

Any exception included in a Proposal may result in a contract not being awarded to the Respondent. However, if a Respondent includes exceptions in its Proposal, the Respondent shall clearly identify each exception it takes, noting the specific RFP section number, section title, detailed description of the exception taken, and the Respondent's proposed language, in lieu of the language to which exception is taken.

4.10 Responsive Information

The Respondent's Proposal must be responsive to all requirements set forth in this RFP, address how the Respondent shall meet the RFP specifications, and prepared according to the format described in this RFP. All Proposals must provide sufficient information to enable the review committee to evaluate the Respondent's ability to provide the Services described in Part 3, Description of Services/Statement of Work and to comply with any other contractual provisions described in this RFP. Responses that are general in nature and do not address how the Respondent will meet the RFP requirements may be disqualified from further consideration or may receive a lower evaluation score due to poor quality of response

5 RFP SELECTION PROCESS

Email responses to this RFP must be received at TWIA's office before the hour and date specified on page 1 of this RFP. Dates of receipt for email responses will be date shown as received by our system. In no event will TWIA be liable for responses delayed by email systems. TWIA reserves the right to evaluate responses submitted prior to the stated deadline as they are received.

TWIA will conduct a fair, comprehensive, and impartial evaluation of all proposals received in response to this RFP using an evaluation committee comprising TWIA senior executives (the "Evaluation Committee"). Each member of the Evaluation Committee will conduct an independent review of each proposal submitted and assign each proposal a score. Each committee member will score the proposal on each major criterion described below. Each Proposal will be evaluated both individually and relative to the Proposals submitted by other Respondents

The scores of all members of the Evaluation Committee will be compiled and an average score established for each Respondent. At the conclusion of the evaluations, TWIA shall determine the number of Respondents with which it will start contract negotiations. TWIA may enter contract negotiations with one or more Respondents. The evaluation committee's recommended respondent will be provided to the TWIA Board of Directors and the TFPA Governing Committee for review and consideration regarding any potential contract award.

The Evaluation Committee may request clarification of information or representations in any proposal before completing the initial evaluation. Requests for clarification and responses to requests for clarification will be in writing and will become part of the evaluation record.

5.1 Written Questions and Official Response

Respondents may submit written questions addressed to the TWIA contact person identified in Section 2.2. All questions must be received, in writing via email, by the TWIA contact person **no later than 5:00 P.M. Central Time on July 2, 2021**. The email subject line must state: TWIA-0003 Accounting Services – Audit – Questions. Telephone inquiries will not be answered.

Responses to timely submitted questions that are not already addressed in the RFP will be posted on the TWIA website on July 9, 2021 (TWIA.ORG \ Vendors \ RFQS AND RFPS). Only those questions that are appropriately relevant to the solicitation will receive a response in the Question and Answer document.

5.2 Selection of Short List of Respondents

After review of the Proposals and the Evaluation Committee scoring results, the Evaluation Committee intends to select one or more Respondents for further consideration ("Short List"). TWIA staff will communicate directly with the Respondents who are selected for the Short List.

5.3 Oral Presentations

Respondents identified for the Short List may be asked to make in-person or live video presentations to the Evaluation Committee. These presentations may involve a question and answer period.

5.4 Best and Final Offer (BAFO)

Following the initial scoring of Proposals according to the Evaluation Criteria described in Part 7, and

Respondent oral presentations, if any, TWIA, in its sole discretion, may proceed in making a contract award(s), or may proceed to request a BAFO from one or more Respondents whose Proposals and scores are, in the committee's determination, sufficient to qualify them for further consideration and negotiation.

The BAFO process will allow the requested Respondents to modify its Proposal, including original pricing or services. BAFOs would then be re-evaluated by the Evaluation Committee.

Should TWIA determine that a BAFO process is beneficial to TWIA's interests, participating Respondents will have an established time period in which to exercise due diligence to confirm that all RFP requirements have been identified, and to prepare its BAFO. At the conclusion of the BAFO evaluations, if any, TWIA will determine the number of Respondents with which it will commence contract negotiations. Respondents not invited for contract negotiations shall not be allowed to alter their RFP.

5.5 Contract Negotiations

TWIA will have the option to negotiate with one or more Respondents, including, but not limited to pricing, services, provisions, terms, and conditions. TWIA reserves the right to continue to negotiate until the point where the best value for TWIA has been determined as achieved.

5.6 Best Value Consideration

TWIA will be the sole judge of best value. Award will be based on best value criteria and may include but is not limited to:

- a) Best meets the goals and objectives as stated in this RFP.
- b) Best meets the quality and reliability of the proposed Services.
- c) Delivery terms.
- d) Other factors relevant to determining the best value for TWIA.

TWIA will terminate the contract negotiations when TWIA, in its sole discretion, determines that the best value for TWIA has been obtained. If the RFP is awarded, TWIA will issue a notice of award to the Selected Respondent. However, there is no guarantee that an award or any contract will result from this solicitation.

6 SCHEDULE OF EVENTS

The time schedule for awarding a contract under this RFP is shown below. TWIA reserves the right to amend the schedule.

Date	Event
June 25, 2021	Issuance of RFP
June 26, 2021 through July 2, 2021 5:00 PM Central Time	Submission of Written Questions

July 9, 2021	Responses to Written Questions Posted on the TWIA Website
July 16, 2021	Deadline for Submission of Proposals
August 3, 2021	Anticipated Contract Award**
August 31, 2021	Targeted Contract Execution**

Note**: The anticipated Contract award date is a target date, but is not guaranteed, as final contract negotiations with the Respondent will determine when or if the actual Contract award will be made.

7 EVALUATION CRITERIA

TWIA shall award a contract to the Respondent who submits the Proposal determined to be the best value to TWIA and who meets all requirements included in this RFP. The Evaluation Committee will initially evaluate and score Proposals using the evaluation criteria outlined below. The relative weight of each criterion is indicated by the maximum possible number of points indicated in the right-hand column.

Evaluation Criteria	Weight
Experience and References. Experience and qualifications of the specific individuals who are anticipated to perform the services described in this RFP. References must relate to the type of relevant work experience performed. Experience must demonstrate quality, reliability, and ability to provide the services detailed in this RFP. Indicators of probable performance under a past contract, financial stability, infrastructure, and ability to perform all services described in this RFP.	40 points
Clarity of Proposal. Clarity and content of Respondent's proposal, including their understanding of the nature of the solicitation, their work plan, and their communication skills.	30 points
Cost. Reasonableness of costs.	30 points
Total Points	100

8 PROPOSAL/RESPONSE FORMAT

8.1 Respondent Documents

All Respondent's documents that are related to the requested services, this RFP, the Bid Responses, or any resulting contract are collectively referred to in this RFP as "Respondent Documents." Documents that are not submitted with Respondent's RFP response will not be accepted or considered part of the response or any resulting contract.

8.2 Proposal Format

Proposals must be provided in electronic form (PDF format) via email to AccountingRFP@twia.org.

All proposals submitted must be organized and arranged to be easily reconciled to the numbered sections of this RFP. All pages must be numbered.

The person signing Respondent's response must show title or authority to bind his or her firm in a contract. Emailed submissions with electronic signatures are acceptable; electronic signatures will be considered original signatures.

Proposals must be concise and clear. The Respondent's Proposal must be responsive to all requirements set forth in this RFP, address how the Respondent shall meet the RFP specifications, and prepared according to the format described in this RFP.

All Proposals must provide sufficient information to enable the Evaluation Committee to evaluate the Respondent's ability to provide the Services described in Part 3, Description of Services/Statement of Work, and to comply with any other contractual provisions described in this RFP.

Responses that are general in nature and do not address how the Respondent will meet the RFP requirements may be disqualified from further consideration or may receive a lower evaluation score due to poor quality of response.

9 RESPONSE DOCUMENTS

The Respondent should provide all information that the Respondent believes would be helpful to TWIA in establishing the Respondent's ability to perform the Services described in this RFP and comply with the requirements of this RFP and any resulting Contract.

9.1 Transmittal Letter

The first page of the proposal must be a Letter of Transmittal that includes the information specified below.

- a) A commitment by the Respondent to provide the services required by TWIA and TFPA in this RFP.
- b) A statement that the proposal is valid for 90 calendar days from the day after the date that the proposals are delivered to TWIA.

- c) A dated signature of a person(s) legally authorized to bind the Respondent to the terms and conditions contained in this RFP and to comply with the information and representations submitted in the proposal. The proposal must state that the signatory is authorized to bind the Respondent to the terms and conditions set forth in this RFP. Proposals submitted without the required signature will be disqualified.
- d) A statement certifying to the completeness, veracity, and accuracy of the information provided in the proposal. By submitting a signed proposal, Respondent agrees that it fully understands this RFP and shall abide by the terms and conditions contained in it. Any exception to the requirements of this RFP must be specifically noted in writing and explained by Respondent in its RFP response as a condition to becoming part of any subsequent contract.
- e) Respondent must list the name, title, phone number, and email addresses of at least two (2) individuals who will be the contact persons for this RFP and who have the authority to respond to questions from TWIA

9.2 Proposal Submission Checklist

The Proposal Submission Checklist is included as **Attachment 1** to this RFP. The checklist is provided to help the Respondent ensure that a proper Proposal is submitted in the required format. Respondent must include the completed checklist as part of the proposal.

9.3 Title Page

The Proposal must contain a title page that includes the following information:

- a) RFP number and Title,
- b) Respondent's name and address,
- c) Respondent's State of Texas taxpayer number and Federal Employer's Identification Number, and
- d) Respondent's contact name, title, signature, and date.

9.4 Table of Contents

The Proposal must contain a table of contents that clearly identifies and denotes the location of each section and subsection of the Proposal. Additionally, the table of contents must clearly identify and denote the location of all enclosures and attachments to the Proposal, including relevant page numbers.

9.5 Executive Summary

Each Respondent must provide a summary of the services proposed in response to this RFP and the estimated costs.

The Executive Summary must not exceed five pages and should represent a full and concise summary of the contents of the proposal.

The Executive Summary should include, at a minimum, the following:

- a) a brief description of the Respondent's qualifications;
- b) a description of the Respondent's experience with providing the services requested;

- c) a description of the Respondent's understanding of the requirements as outlined in Part 3, Description of Services/Statement of Work;
- d) any exceptions to any provisions of this RFP as described in Section 4.9, and
- e) any additional requirements, terms and conditions, or any documentation unaddressed in the RFP that the Respondent has attached in the Proposal as a material submission to the RFP.

9.6 General Background, Qualifications and Experience of Respondent

This response section details the Respondent's background and experience, including past performance, as it relates to projects similar in scope to the services described in this RFP. The Respondent must demonstrate its ability to perform the services described in the RFP by providing, at a minimum, the information detailed below. This section should include information that addresses the firm and the team's experience, reputation and qualifications in regard to the required services.

This response section must detail the Respondent's qualifications to respond to this RFP and be considered for an award. To be entitled for consideration, Respondent must have available the required qualified personnel, knowledge, skills, abilities, organization, facilities, materials, supplies, and equipment to fulfill all requirements under this RFP and any resulting Contract.

9.7 Specific Expertise, Experience and Qualifications (Engagements)

Exhibit A, Tab 1 must list representative engagements of comparable complexity and sensitivity to the requirements of this RFP that were similar to the services described in this RFP, or which, though different, require the same general types of resources and skills.

The Response should include information related to the Evaluation Criteria, listed previously. The Response should indicate whether the representative engagements included the proposed team or not.

Each description should be as detailed as necessary to enable TWIA to reasonably assess the relevance and usefulness of such experience. Respondent must give the client organization's name and describe the service performed; the service's beginning and ending dates and current status of the client relationship.

9.8 Key Staff Qualifications

Exhibit A, Tab 2 must detail information about the Respondent's key staff who will provide services under any Contract resulting from this RFP and must detail the role or types of services that each key staff member will provide.

Respondent must include summary background information for each key staff member to be assigned to this project including title; education; training; relevant experience; length of service with the Respondent's firm; and professional accreditations, certifications, designations, and licenses. Full résumés may be provided but are not required.

9.9 Subcontractors

Respondent must submit a list of subcontractors or potential subcontractors whom Respondent may engage to perform services for the Associations as part of any contract that may result from this RFP.

TWIA reserves the right to request additional information regarding any proposed subcontractor or vendor.

Respondent shall be fully responsible for all of its participating subcontractors and vendors and their performance of any duties as part of any contract that may result from this RFP.

9.10 Schedule

Respondent must provide a proposed work plan and estimated timeline for each service listed under 3.1. Contractor must confirm in its RFP response that the meeting dates and filing deadlines can be satisfied.

9.11 References and Peer Review

Exhibit A, Tab 3 must provide a minimum of three (3) verifiable references from clients for whom the Respondent has performed comparable services of similar scope and size. Respondent must provide the name, title, telephone number, and email address of the key contact(s) at the client organization.

TWIA may, at their discretion, contact these references to verify experience or performance of the Respondent. By providing the name of a contact person, Respondent consents to such communication by TWIA

In addition to references, Respondent must provide a copy of their most recent Peer Review Letter.

9.12 Financial Responsibility

Respondent must provide evidence of financial responsibility and stability for performance of the services for which a proposal is submitted. In addition, the Respondent must disclose the source of any outside financial resources that will be utilized by the Respondent to enable it to perform any contract awarded pursuant to this RFP.

TWIA reserves the right to require any additional information necessary to determine the financial integrity and responsibility of a Respondent and to reject a response on the grounds of the Respondent's financial soundness.

9.13 Professional Insurance

The Selected Contractor will be required to provide proof of professional liability insurance covering errors and omissions upon entering into a contract with TWIA within 48 hours of the effective date of such contract. By submitting a response to this RFP, Respondent agrees to comply with this requirement.

9.14 Actual or Potential Conflicts of Interest

Exhibit B must provide a statement of any actual conflicts or potential conflicts of interest for the Respondent, and the Respondent's Employees who will or may provide services under any Contract resulting from this RFP. Failure to disclose all actual conflicts or potential conflicts of interest may result in disqualification of the Respondents' Proposal or termination of the resulting Contract.

If the circumstances certified by Respondent change or additional information is obtained subsequent to submission of the Respondent's Proposal, Respondent shall submit updated information as soon as reasonably possible, upon learning of any change to Respondent's response.

9.15 Cost

Respondent must provide separate price estimates of the full cost of delivering the services described in the Statement of Work for TWIA and TFPA using the Mandatory Pricing Form provided below. Each estimate will necessarily include assumptions about the time required by individual staff members to complete the work to the standards specified herein. Responses subject to increases in hourly rates over the contract period will not be considered.

10 Mandatory Pricing Form

Unless otherwise agreed in writing and signed by TWIA, each Respondent agrees to and shall be bound by the information and documentation provided with the proposal, including the total proposed pricing for the audit engagements and hourly rates. By submitting a proposal, the Respondent commits to providing the goods and services required at the total fee set forth in its proposal. Proposals must be valid for 90 calendar days following the proposal receipt date. Proposed rates must be firm and guaranteed for the initial contract period of any resulting contract.

List all positions, names of key staff, certifications, hourly rates, and estimated number of hours of each position that will be assigned to work on the audit engagements.

Example Pricing Form: (Note this is an example only to demonstrate pricing form requirements).

Title	Names of Key Staff	Hourly Rate	Estimated Number of Hours	Estimated Cost	Certifications
Senior Auditor	J. Smith	\$100.00	150	\$15,000	CPA
Manager	M. Johnson	\$140.00	50	\$7,000	CPA
Partner	P. Franklin	\$175.00	20	\$3,500	CPA
Staff Auditor		\$80.00	140	\$11,200	
Clerical		\$25.00	40	1,000	Not applicable
Total TWIA:				\$37,700	

A Separate pricing form must also be provided reflecting the proposal costs for the TFPA annual audit.

The total cost of Respondent's proposal for TWIA is: **\$37,700** excluding any travel costs.

The cost does not include any amounts other than the cost of staff billable hours.

Mandatory Pricing Form

Respondent's Staff

Title	Names of Key Staff	Hourly Rate	Estimated Number of Hours	Cost	Certifications

Total _____

The total cost of Respondent's proposal is: \$_____, excluding any travel costs.

Please note if the estimated expenses include any amounts other than the cost of staff billable hours and provide supporting detail.

The remainder of this page has been intentionally left blank.

11 Definitions

The following terms and acronyms have the meanings set forth below for purposes of this RFP. These definitions apply to all parts of this Request for Proposals (RFP).

Definitions	
TERM	DEFINITION
Addendum	An addition, change, or supplement to the solicitation document issued prior to the response due date.
Contract	The written agreement, if any, executed by the authorized representative of Association and the Respondent that formalizes the terms, provisions, covenants, and obligations, including but not limited to those contained in this RFP, of the respective parties to the arrangement for provision of services.
Contractor	The individual or business entity that has a contract to provide goods or services to the Association. This is used interchangeably with the term “Vendor”.
Employee	The term “Employee” includes any individuals who, on behalf of the Respondent, will or may participate in any Contract resulting from this RFP. The term “Employee” includes all personnel, replacement personnel, agents, contractors, subcontractors, subcontractor employees, and other representatives of the Respondent, regardless of how employed or contracted by Respondent.
Request for Proposal (RFP)	The document so titled and exhibits, attachments, and appendices thereto which constitute the solicitation requesting submittal of a proposal in response to the required scope of services (statement work) and usually includes some form of a Cost Proposal and allows for negotiations between the proposer and the issuing agency.
Respondent	An individual or business entity submitting a proposal in response to this RFP.
Respondent’s Employee(s)/Respondent’s Personnel	Any and/or all of the following, without limitation to: employees, leased employees, agents, officers, directors, staff, independent contractors, contractors, or subcontractors, or any individuals furnished, referred, or provided by the Respondent for the purposes arising out of or related to this RFP, the Respondent’s Proposal, and the contract, if any, that results from the award made by TWIA to the Respondent.

Responsive	Means that a Respondent has complied with all material aspects of the solicitation document, including the submission of all required documents, and within the time frame specified within the solicitation document.
Selected Respondent	The individual or business entity qualified to provide the goods and/or services sought by TWIA pursuant to this RFP and who is ultimately selected to carry out the requirements stipulated in this RFP and any resulting contract.
Vendor	The individual or business entity that has a contract to provide goods or services to the Association. This is used interchangeably with the term “Contractor”.

12 Attachment 1 - PROPOSAL SUBMISSION CHECKLIST

This checklist is provided to help the Respondent ensure that a proper Proposal is submitted in the required format. Respondents must include this completed checklist as the cover page of the entire Proposal.

Order	Proposal Component	RFP Section Reference	Verify Inclusion by Initials
1	Transmittal Letter	Sec. 9.1	
2	Proposal Submission Checklist	Sec. 9.2	
3	Title Page	Sec. 9.3	
4	Table of Contents	Sec. 9.4	
5	Executive Summary	Sec. 9.5	
6	Body of Proposal, including <ul style="list-style-type: none">General Background, Qualifications and Experience	Sec. 9.6	
7	Exhibit A, Tab 1 Specific Expertise - Representative Engagements	Sec. 9.7	
8	Exhibit A, Tab 2 Key Staff Qualifications	Sec. 9.8	
9	Subcontractors	Sec. 9.9	
10	Schedule	Sec. 9.10	
11	Exhibit A, Tab 3 References and Peer Review	Sec. 9.11	
14	Exhibit B Conflicts of Interest	Sec. 9.14	
15	Costs Mandatory Pricing Form	Sec. 9.15 Sec. 10	

Signature of Representative

Date

Printed Name

Company Name

Title

5F. Process for Selecting Reinsurance Broker

There is no exhibit for this topic

6. Actuarial

6A. Reserve Adequacy



TEXAS WINDSTORM
INSURANCE ASSOCIATION

MEMORANDUM

REVIEW DATE: July 12, 2021

TO: Jerry Fadden, Chief Financial Officer

FROM: Xiuyu Li, Senior Actuary

RE: Reserve Adequacy as of June 30, 2021

The TWIA actuarial staff has completed a review of Texas Windstorm Insurance Association loss and loss adjustment expense reserves as of June 30, 2021.

The actuarial estimate of ultimate loss and loss adjustment expenses for Hurricane Harvey is in a reasonable range of \$1.66 billion to \$1.70 billion. The ultimate loss and loss adjustment expense estimate remains at \$1.68B, which is the same as the estimate as of March 31, 2021. The actual ultimate costs of Hurricane Harvey may differ substantially from the selected \$1.68B. This variability arises from the assumptions we made regarding the adequacy of case reserves for 441 open claims, the outcome of disputed claims and the potential impact of future re-openings of closed claims as of June 30, 2021. About 347 of the 441 open claims are in some stage of litigation. There remains a material risk of adverse development due to the large variability associated with outstanding disputed claims, including those claims subject to litigation. The Actuarial team will continue to monitor current case reserve adequacy, current & future litigation/disputes to ensure all outstanding obligations are properly reserved.

As of June 30, 2021, TWIA carried \$97.4 million in total gross loss and loss adjustment expense reserves with \$17K of the total gross ceded to carriers who have participated in the Association's Assumption Reinsurance Depopulation Program. The total gross loss and loss adjustment expense reserves include the reserves for Hurricane IKE, Harvey, Delta, Laura, Hanna and other outstanding claims. Collectability risk has been reviewed and found to be immaterial relative to total gross reserves.

In my opinion, the Association's reserves met the requirements of the insurance laws of Texas, were consistent with reserves computed in accordance with accepted actuarial standards and principles, and made a reasonable provision for all combined unpaid loss and loss expense obligations of the Association under the terms of its contracts and agreements. While there remains a material risk of adverse development, reserves continue to make a reasonable provision for unpaid loss and loss adjustment expenses.

The complete actuarial analysis is available on request.

6B. Statutory Maximum Limits of Liability



TEXAS WINDSTORM
INSURANCE ASSOCIATION

MEMORANDUM

DATE: July 26, 2021
TO: Jerry Fadden
FROM: Xiuyu Li, Senior Actuary
RE: Texas Windstorm Insurance Association Adjustments to Maximum Liability Limits

Section 2210.502(a) of the Texas Insurance Code states that the Texas Windstorm Insurance Association shall propose to the Commissioner inflation adjustments to its maximum liability limits at a rate that reflects any change in the BOECKH index.

TWIA Actuarial staff has completed its review of Texas Windstorm Insurance Association adjustments to its maximum liability limits. These indicated limits are as follows:

	Current 2020	Proposed 2021	% Change
Dwellings and individually owned townhouses	\$1,773,000	\$2,037,000	14.9%
Manufactured Home	\$84,000	\$96,600	15.0%
Contents of an apartment, condominium, or townhouse	\$374,000	\$426,000	13.9%
Commercial structures and associated contents	\$4,424,000	\$4,927,000	11.4%

Supporting documents are attached.

Sincerely

XL

July 26, 2021

Texas Windstorm Insurance Association
Calculation of Indicated Limits of Liability
To Be Effective January 1, 2022
Using Marshall & Swift / Boeckh Building Cost Index Numbers



Type of Construction	Ratio of Total TWIA Business	Boeckh Index as of May/June 2020			Boeckh Index as of May/June 2021		
		Corpus Christi	Houston	Average	Corpus Christi	Houston	Average
<u>Dwelling, including individually owned townhouse unit, & associated corporeal movable property</u>							
Frame	97.54%	2444.3	2572.4	2508.4	2674.8	3093.4	2884.1
Brick	2.46%	2525.5	2694.7	2610.1	2734.5	3138.8	2936.7
Weighted Average Factor				2510.9			2885.4
Indicated Change							14.9%
Current Limit							1,773,000
Indicated Limit of Liability							2,037,000
<hr/>							
<u>Manufactured Homes*</u>							
Residential Dwelling Frame	100%	2444.3	2572.4	2508.4	2674.8	3093.4	2884.1
Indicated Change							15.0%
Current Limit							84,000
Indicated limit of Liability							96,600
<hr/>							
<u>Individually-owned corporeal movable property located in an owner-occupied apartment, residential condominium, or townhouse unit</u>							
Frame	56.45%	2444.3	2572.4	2508.4	2674.8	3093.4	2884.1
Brick	43.55%	2525.5	2694.7	2610.1	2734.5	3138.8	2936.7
Weighted Average Factor				2552.7			2907.0
Indicated Change							13.9%
Current Limit							374,000
Indicated Limit of Liability							426,000
<hr/>							
<u>Structure other than a dwelling or public building and the corporeal movable property located in that structure</u>							
Apartments - Brick, Wood	15.44%	2523.8	2630.6	2577.2	2737.2	3118.2	2927.7
Apartments - Brick, Concrete	2.75%	2494.3	2795.6	2645.0	2725.2	3304.9	3015.1
Apartments - Brick, Steel	11.29%	2444.8	2829.0	2636.9	2718.5	3469.0	3093.8
Commercial - Frame	26.93%	2613.6	2799.0	2706.3	2864.0	3068.4	2966.2
Commercial - Steel	0.00%	2568.3	2808.9	2688.6	2809.1	3293.5	3051.3
Commercial - Brick, Wood	0.96%	2704.0	2821.1	2762.6	2977.0	3417.8	3197.4
Commercial - Brick, Steel	20.07%	2629.3	3216.3	2922.8	2815.2	3604.9	3210.1
Commercial - Brick, Concrete	22.55%	2361.3	2800.7	2581.0	2520.3	3158.2	2839.3
Weighted Average Factor				2692.3			2998.2
Indicated Change							11.4%
Current Limit							4,424,000
Indicated Limit of Liability							4,927,000

* Manufactured Homes indexed based on Residential Frame Building Cost Index, TWIA will revisit the assumption when more data becomes available

Texas Windstorm Insurance Association
Proposed Limits of Liability
To Be Effective January 1, 2022
Impact on Exposures In-Force as of 6/30/21



Statutory Limits of Liability

	Current	Proposed	Increase
Dwelling	1,773,000	2,037,000	264,000
Manufactured Home	84,000	96,600	12,600
Contents	374,000	426,000	52,000
Non-Dwelling	4,424,000	4,927,000	503,000

	Risks at Statutory Limits	<u>Exposure</u> Current	Proposed	Increase
Dwelling	3	5,319,000	6,111,000	792,000
Manufactured Home	56	4,704,000	5,409,600	705,600
Contents	56	20,944,000	23,856,000	2,912,000
Non-Dwelling	141	623,784,000	694,707,000	70,923,000
Total	256	654,751,000	730,083,600	75,332,600
Total TWIA Exposure				56,854,782,481
% Increase in TWIA Exposure				0.13%

MS/B BUILDING COST		MSB					May - June 2020			
INDEX NUMBERS		RESIDENCES		APARTMENTS, HOTEL and OFFICE BUILDING			COMMERCIAL and FACTORY BUILDINGS			
LOCATION	Frame	Brick	Brick Wood	Brick Conc.	Brick Steel	Frame	Steel	Brick Wood	Brick Steel	Brick Conc.
SOUTH CAROLINA										
CHARLESTON	2893.4	2981.1	2440.9	2530.4	2637.9	2511.5	2778.8	2731.4	2981.8	2666.0
COLUMBIA	2764.4	2792.6	2343.6	2425.2	2554.7	2497.8	2719.8	2504.5	2954.8	2562.9
GREENVILLE	2528.8	2600.8	2364.8	2428.8	2411.4	2430.0	2578.8	2579.1	2677.7	2474.9
SOUTH DAKOTA										
PIERRE	2533.5	2829.0	2831.2	2866.7	2633.3	2553.4	2650.4	2893.2	2906.9	2923.8
RAPID CITY	2542.3	2866.2	2857.8	2923.4	2730.9	2583.4	2716.7	2930.3	3009.4	2929.0
SIOUX FALLS	2584.7	2758.2	2741.6	2856.3	2807.8	2671.7	2833.3	2869.7	3216.5	3010.1
TENNESSEE										
CHATTANOOGA	2446.0	2567.0	2459.0	2595.7	2450.2	2511.4	2794.3	2662.4	2924.2	2722.3
KNOXVILLE	2298.8	2439.4	2356.5	2588.3	2574.3	2457.4	2707.5	2523.1	2937.8	2710.5
MEMPHIS	2437.0	2512.6	2428.0	2605.1	2700.5	2507.9	2782.8	2661.5	3009.0	2718.1
NASHVILLE	2573.4	2616.3	2547.1	2635.8	2893.5	2558.0	2891.3	2695.8	3357.5	2741.9
TEXAS										
ABILENE	2482.4	2618.0	2426.1	2425.6	2418.9	2550.8	2499.1	2752.2	2652.7	2552.0
AMARILLO	2438.8	2524.0	2401.9	2403.7	2410.7	2462.1	2473.9	2667.2	2708.0	2473.4
AUSTIN	2554.4	2690.8	2606.9	2586.6	2693.8	2660.9	2732.3	2843.8	2930.3	2603.1
CORPUS CHRISTI	2444.3	2525.5	2523.8	2494.3	2444.8	2613.6	2568.3	2704.0	2629.3	2361.3
DALLAS	2546.9	2709.8	2628.5	2657.8	2739.2	2626.4	2611.9	2873.3	2988.1	2745.4
EL PASO	2377.6	2453.8	2478.8	2432.7	2500.9	2485.9	2576.2	2649.9	2676.1	2409.0
FORT WORTH	2528.4	2689.3	2609.4	2637.1	2715.5	2611.3	2607.6	2785.6	3030.4	2698.8
HOUSTON	2572.4	2694.7	2630.6	2795.6	2829.0	2799.0	2808.9	2821.1	3216.3	2800.7
LONGVIEW	2491.9	2566.0	2482.1	2540.4	2624.2	2601.5	2633.7	2748.5	2913.8	2619.2
LUBBOCK	2356.3	2496.3	2429.6	2502.3	2559.3	2441.8	2516.3	2609.7	2738.6	2411.8
ODESSA	2402.5	2579.7	2463.6	2455.9	2496.7	2554.1	2625.0	2689.8	2749.5	2418.9
SAN ANTONIO	2498.9	2662.9	2594.6	2561.2	2544.0	2650.9	2720.6	2724.4	2824.8	2560.2
WACO	2492.3	2598.9	2451.4	2476.1	2561.5	2452.6	2607.0	2631.2	2865.8	2463.8
WICHITA FALLS	2657.0	2800.9	2528.7	2497.1	2493.2	2599.0	2539.0	2711.6	2767.4	2527.5
UTAH										
SALT LAKE CITY	2956.1	3168.2	2869.4	3088.5	3003.6	2870.4	3022.6	3023.9	3643.3	3175.8
VERMONT										
BURLINGTON	2995.7	3105.7	3110.2	3202.3	3199.6	3041.9	3150.9	3343.4	3579.4	3296.5
MONTPELIER	3024.2	3153.9	3158.9	3255.0	3195.5	3076.8	3190.2	3381.9	3613.5	3367.4

MS/B BUILDING COST INDEX NUMBERS			MSB			May - June 2021				
LOCATION	RESIDENCES		APARTMENTS, HOTEL and OFFICE BUILDING			COMMERCIAL and FACTORY BUILDINGS				
	Frame	Brick	Brick Wood	Brick Conc.	Brick Steel	Frame	Steel	Brick Wood	Brick Steel	Brick Conc.
SOUTH CAROLINA										
CHARLESTON	3234.8	3310.7	2728.1	2846.3	2963.1	2826.5	3116.4	3114.3	3182.2	2895.2
COLUMBIA	3243.9	3209.4	2718.4	2817.2	3055.5	2719.3	3144.0	2966.2	3242.6	2856.2
GREENVILLE	2807.6	2853.4	2616.8	2688.2	2699.1	2703.2	2849.1	2895.6	2842.5	2669.3
SOUTH DAKOTA										
PIERRE	2911.2	3183.4	3216.5	3256.8	3019.0	2890.6	2987.4	3339.3	3108.2	3235.7
RAPID CITY	2980.9	3320.3	3445.4	3487.2	3262.9	3042.4	3182.0	3537.3	3287.0	3390.1
SIOUX FALLS	3105.1	3262.4	3445.9	3397.6	3527.4	2972.4	3517.0	3668.0	3720.4	3633.9
TENNESSEE										
CHATTANOOGA	2778.0	2857.2	2777.7	2933.1	2834.9	2826.5	3158.3	3058.5	3194.8	2997.5
KNOXVILLE	2672.0	2761.1	2729.7	2970.3	2994.3	2825.3	3080.7	2956.9	3177.6	3001.9
MEMPHIS	2861.4	2946.4	2887.8	3064.1	3193.8	2926.6	3214.9	3192.5	3251.1	3081.9
NASHVILLE	3029.0	2994.3	2949.4	3052.0	3460.5	2804.1	3323.2	3198.2	3704.0	3051.6
TEXAS										
ABILENE	2948.2	3001.0	2848.0	2800.2	2826.5	2927.2	2882.6	3250.0	2831.0	2807.5
AMARILLO	2979.1	2991.9	2921.8	2875.2	3035.1	2704.3	2945.5	3281.0	3065.8	2798.3
AUSTIN	2902.9	2975.9	2916.4	2912.6	3119.7	2989.7	3073.7	3264.2	3150.6	2834.6
CORPUS CHRISTI	2674.8	2734.5	2737.2	2725.2	2718.5	2864.0	2809.1	2977.0	2815.2	2520.3
DALLAS	2764.9	2927.5	2852.6	2913.7	3028.6	2887.6	2855.0	3183.2	3167.0	2944.0
EL PASO	2539.3	2646.5	2647.2	2647.6	2714.2	2702.9	2787.9	2889.2	2840.2	2586.4
FORT WORTH	2798.7	2927.7	2853.9	2907.9	3050.2	2887.9	2875.4	3107.7	3216.3	2895.5
HOUSTON	3093.4	3138.8	3118.2	3304.9	3469.0	3068.4	3293.5	3417.8	3604.9	3158.2
LONGVIEW	2700.0	2756.3	2675.9	2753.0	2873.9	2811.0	2829.1	2998.5	3054.9	2775.8
LUBBOCK	2539.1	2645.5	2587.1	2696.9	2796.3	2647.2	2720.2	2842.7	2872.3	2554.4
ODESSA	2911.6	3028.1	2954.8	2918.9	3118.7	2827.5	3096.5	3282.7	3121.8	2746.5
SAN ANTONIO	2878.1	2960.5	2963.8	2919.2	2935.3	3008.8	3071.1	3171.1	3016.8	2809.7
WACO	2792.9	2847.3	2709.4	2761.5	2929.8	2740.6	2901.6	2980.9	3066.3	2659.8
WICHITA FALLS	3076.2	3149.7	2896.5	2853.0	2904.7	2957.1	2887.0	3157.7	2985.7	2772.4
UTAH										
SALT LAKE CITY	3464.2	3611.4	3318.9	3565.5	3538.3	3299.9	3479.2	3561.6	4024.0	3609.8
VERMONT										
BURLINGTON	3478.1	3495.2	3539.7	3627.8	3747.4	3324.1	3586.4	3863.7	3882.9	3605.0
MONTPELIER	3456.6	3527.3	3554.7	3668.2	3715.0	3366.7	3602.1	3873.4	3939.7	3698.2

6C. Proposed Endorsement and Rate Manual Filings



TEXAS WINDSTORM
INSURANCE ASSOCIATION



Proposed Underwriting Changes

TWIA Board of Directors

August 3, 2021

Overview of Proposed Changes

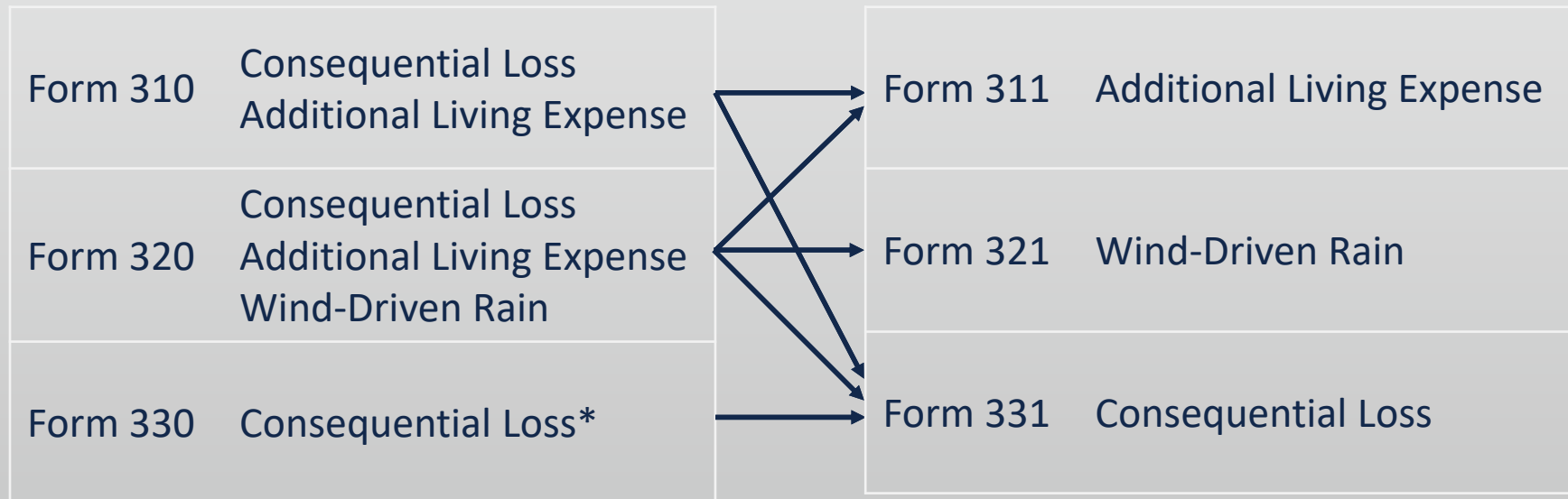
- **TWIA has made and will be making several filings with TDI representing potential changes to its underwriting processes**
- **These changes may be classified as rate filings by TDI, but do not result in overall changes in TWIA rates**
- **All filings were posted to the TWIA website on June 30, 2021**

Appurtenant Structures Endorsement

- **TWIA residential policy currently provides extension of up to 10% of the primary dwelling limit to other structures**
- **This is not additional coverage and reduces the amount of coverage available on the primary dwelling**
- **Proposed optional endorsement would provide specified, additional coverage without a separate deductible**
- **Coverage provided at blanket rate**
 - Policies with separately scheduled and rated items may see premium differences with endorsement
 - UW will work with agents and provide option to write items on separate policies for no change in premium

Indirect Loss Endorsements

- **Current endorsements provide one or more different coverages**
- **Proposed endorsements will provide a single coverage**
- **No change in rates or premiums**



Rate Manual

- **TWIA will be filing a comprehensive update to its rate manual**
- **Proposed updates include:**
 - Overall formatting and structure
 - Updates to business processes
 - Updates to rate-related information
- **No new or modified rates are being introduced**

6D. Review of TWIA Staff Rate Adequacy
Analysis and Actuarial & Underwriting
Committee Recommendations



TEXAS WINDSTORM
INSURANCE ASSOCIATION



Actuarial & Underwriting Committee

TWIA Actuarial Department – 2021 Rate Indications

July 21, 2021

Contents

- **Actuarial Principles**
- **Statutory Language**
- **Recent Legislative Changes**
- **Overview of Rate Adequacy Analysis**
- **Rate Adequacy Analysis**
- **Reconciliation of Changes in Rate Indications**
- **Historical Rate Indications vs Rate Changes**
- **Impact of Alternative Rate Changes**

Actuarial Principles

Casualty Actuarial Society Statement of Principles

1. A rate is an estimate of the expected value of future costs
2. A rate provides for all costs associated with the transfer of risk
3. A rate provides for the costs associated with an individual risk transfer
4. A rate is reasonable and not excessive, inadequate, or unfairly discriminatory if it is an actuarially sound estimate of the expected value of all future costs associated with an individual risk transfer

Statutory Language

Sec. 2210.001

“The association shall function in such a manner as to not be a direct competitor in the private market;...”

Sec. 2210.355 (b) In adopting rates under this chapter, the following must be considered:

- (1) the past and prospective loss experience within and outside this state of hazards for which insurance is made available through the plan of operation, if any;
- (2) expenses of operation, including acquisition costs;
- (3) a reasonable margin for profit and contingencies;
- (4) payment of public security obligations issued under this chapter, including the additional amount of any debt service coverage determined by the association to be required for the issuance of marketable public securities; and
- (5) all other relevant factors, within and outside this state.

Sec. 2210.355 (c) Rates must be reasonable, adequate, not unfairly discriminatory, and nonconfiscatory as to any class of insurer.

Recent Legislative Changes

HB 769

SECTION 1. Subchapter H, Chapter 2210, Insurance Code, is amended by adding Section 2210.3512 to read as follows:

Sec. 2210.3512. REQUIREMENT FOR VOTE ON RATE FILING. The board of directors may not vote on a proposed rate increase if:

- (1) there is a vacancy on the board; and
- (2) the vacancy has existed for at least 60 days at the time the vote is to be taken.

SECTION 2. The heading to Section 2210.453, Insurance Code, is amended to read as follows:

Sec. 2210.453. FUNDING LEVELS; REINSURANCE AND ALTERNATIVE RISK FINANCING MECHANISMS; REINSURANCE FROM CERTAIN INSURER OR BROKER PROHIBITED.

SECTION 3. Section 2210.453, Insurance Code, is amended by adding Subsection (f) to read as follows:

(f) The association may not purchase reinsurance under this section from an insurer or broker involved in the execution of a catastrophe model on which the association relies in:

- (1) determining the probable maximum loss applicable for the period covered by the reinsurance; or
- (2) adopting rates under Section 2210.355.

SECTION 4. The Texas Department of Insurance shall amend the Texas Windstorm Insurance Association's plan of operation to conform to the changes in law made by this Act not later than the 60th day after the effective date of this Act.

SECTION 5. This Act takes effect September 1, 2021.

Recent Legislative Changes

SB 1448

SECTION 1. Section 2210.351, Insurance Code, is amended by amending Subsection (d) and adding Subsection (f) to read as follows:

(d) The association may use a rate filed by the association without prior commissioner approval if:

(1) the filing is made not later than the 30th day before the date of any use or delivery for use of the rate;

(2) the filed rate does not exceed ~~[105 percent of]~~ the rate in effect on the date on which the filing is made; and

(3) ~~[the filed rate does not reflect a rate change for an individual rating class that is 10 percent higher than the rate in effect for that rating class on the date on which the filing is made; and~~

~~[-(4)]~~ the commissioner has not disapproved the filing in writing, advising of the reasons for the disapproval and the criteria the association is required to meet to obtain approval.

(f) The association may not file a rate under this section that exceeds the rate in effect on the date on which the filing is made unless two-thirds of the board of directors votes to approve the rate.

Recent Legislative Changes

SB 1448

SECTION 2. Section 2210.352, Insurance Code, is amended by amending Subsection (a-1) and adding Subsection (a-3) to read as follows:

(a-1) The association may use a rate filed by the association under this section without prior commissioner approval if:

(1) the filing is made not later than the 30th day before the date of any use or delivery for use of the rate; and

(2) the filed rate does not exceed ~~[105 percent of]~~ the rate used by the association in effect on the date on which the filing is made~~;~~ and

~~[(3) the filed rate does not reflect a rate change for an individual rating class that is 10 percent higher than the rate in effect for that rating class on the date on which the filing is made].~~

(a-3) The association may not file a rate under this section that exceeds the rate in effect on the date on which the filing is made unless two-thirds of the board of directors votes to approve the rate.

Overview of Rate Adequacy Analysis

- The Loss and LAE Ratio include a provision for:
 - Hurricane losses
 - Non-Hurricane Losses
- Fixed Expense Ratio includes:
 - General operating expenses
 - The net cost of reinsurance (total premiums less expected average annual recoveries)
 - Debt service outstanding pre-event Class 1 Public securities
 - Note: Previously considered part of provision for contribution to CRTF . Now that proceeds of Series 2014 Bonds have been used for Hurricane Harvey, debt service is considered a fixed expense
- Variable Expense includes:
 - Commissions, taxes, licenses and fees.
 - Provisions for CRTF and contingencies

Overview of Rate Adequacy Analysis

- **The Association employs the “Loss Ratio Method” to determine rate level indications.**
 - This approach compares the estimated percentage of each premium dollar needed to cover future losses, loss adjustment expense and other fixed expenses for a prospective accident year to the amount of each premium dollar that is available to pay for such costs (referred to as the permissible loss ratio).
 - This relationship is defined as:

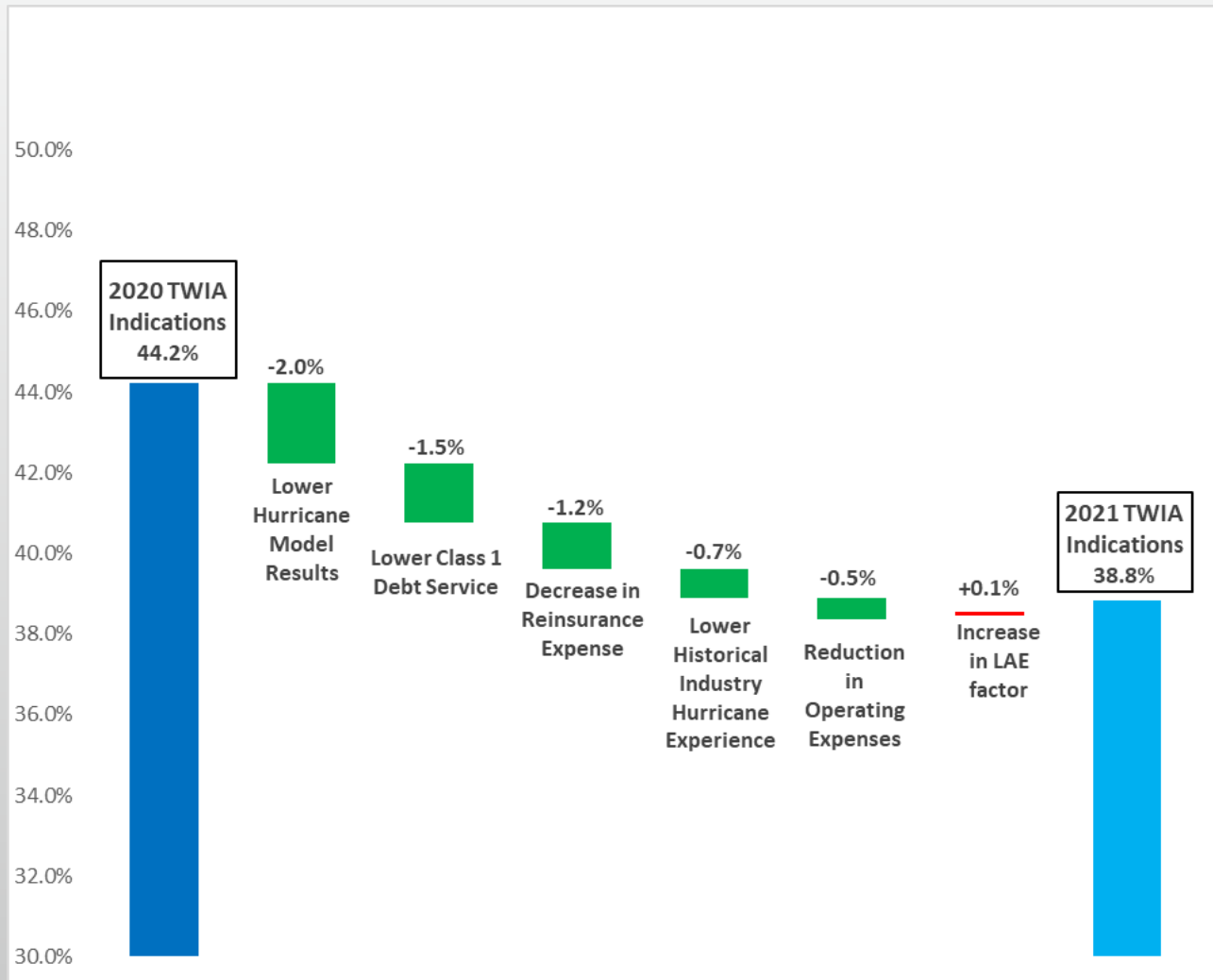
Indicated Rate

$$\text{Change Factor} = \frac{(\text{Loss \& LAE Ratio} + \text{Fixed Expense Ratio})}{(1 - \text{Variable Expense Ratio} - \text{Target UW Profit})}$$

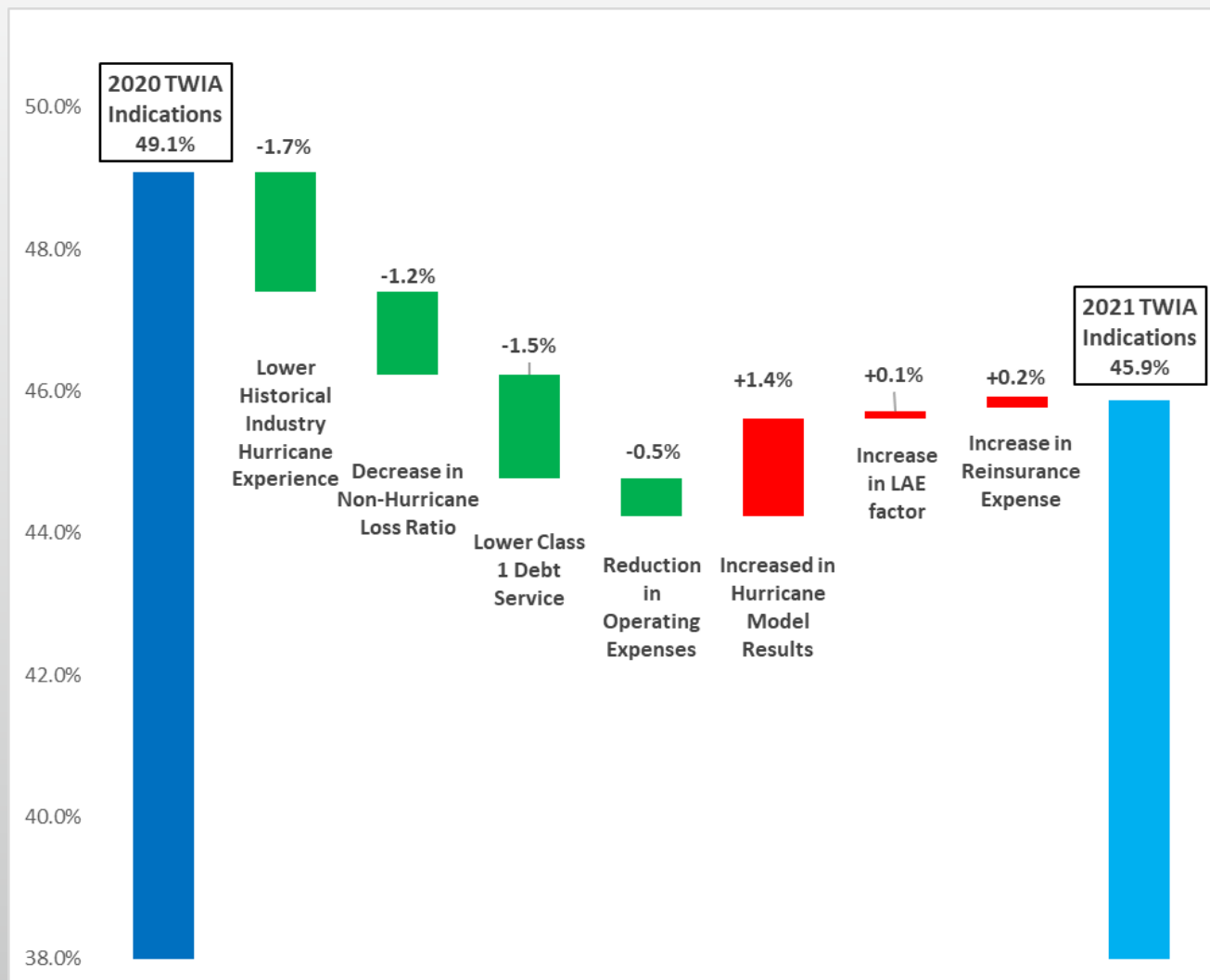
Rate Adequacy Analysis

Rate Element	Residential					Commercial				
	2018 Review	2019 Review	2020 Review	2021 Review	2021 vs. 2020	2018 Review	2019 Review	2020 Review	2021 Review	2021 vs. 2020
Non-Hurricane Loss Provision	15.4%	14.2%	14.6%	14.9%	0.3%	9.1%	9.3%	9.0%	8.1%	-0.9%
Hurricane Loss Provision										
Experience	41.5%	42.7%	42.5%	41.5%	-1.0%	55.1%	56.9%	54.3%	51.7%	-2.6%
Modeled	50.8%	51.9%	55.1%	52.2%	-3.0%	57.5%	59.7%	62.1%	64.4%	2.3%
Combined	46.2%	47.3%	48.8%	46.8%	-2.0%	56.3%	58.3%	58.2%	58.1%	-0.2%
Fixed Expenses										
Operating	5.7%	6.2%	8.5%	8.1%	-0.4%	5.7%	6.2%	8.5%	8.1%	-0.4%
Reinsurance	16.0%	16.6%	19.5%	18.6%	-0.9%	16.0%	16.6%	19.5%	19.7%	0.1%
Outstanding Class 1 Bond Debt Service	18.6%	25.1%	19.7%	18.6%	-1.1%	18.6%	25.1%	19.7%	18.6%	-1.1%
Total	40.3%	47.9%	47.7%	45.3%	-2.4%	40.3%	47.9%	47.7%	46.4%	-1.4%
(A) Total Loss Provision plus Fixed Expenses	101.9%	109.4%	111.1%	107.1%	-4.1%	105.7%	115.5%	114.9%	112.5%	-2.4%
Variable Expenses										
Commissions	16.0%	16.0%	16.0%	16.0%	0.0%	16.0%	16.0%	16.0%	16.0%	0.0%
Taxes and Fees	2.0%	2.0%	1.9%	1.9%	0.0%	2.0%	2.0%	1.9%	1.9%	0.0%
CRTF Funding & Contingencies	5.0%	5.0%	5.0%	5.0%	0.0%	5.0%	5.0%	5.0%	5.0%	0.0%
(B) Total Variable Expenses	23.0%	23.0%	22.9%	22.9%	0.0%	23.0%	23.0%	22.9%	22.9%	0.0%
(C) Permissible Loss & LAE Ratio (1-B)	77.0%	77.0%	77.1%	77.1%	0.0%	77.0%	77.0%	77.1%	77.1%	0.0%
(D) Rate Indication (A/C -1)	32.3%	42.1%	44.0%	39.0%	-5.0%	37.3%	50.0%	49.0%	46.0%	-3.0%

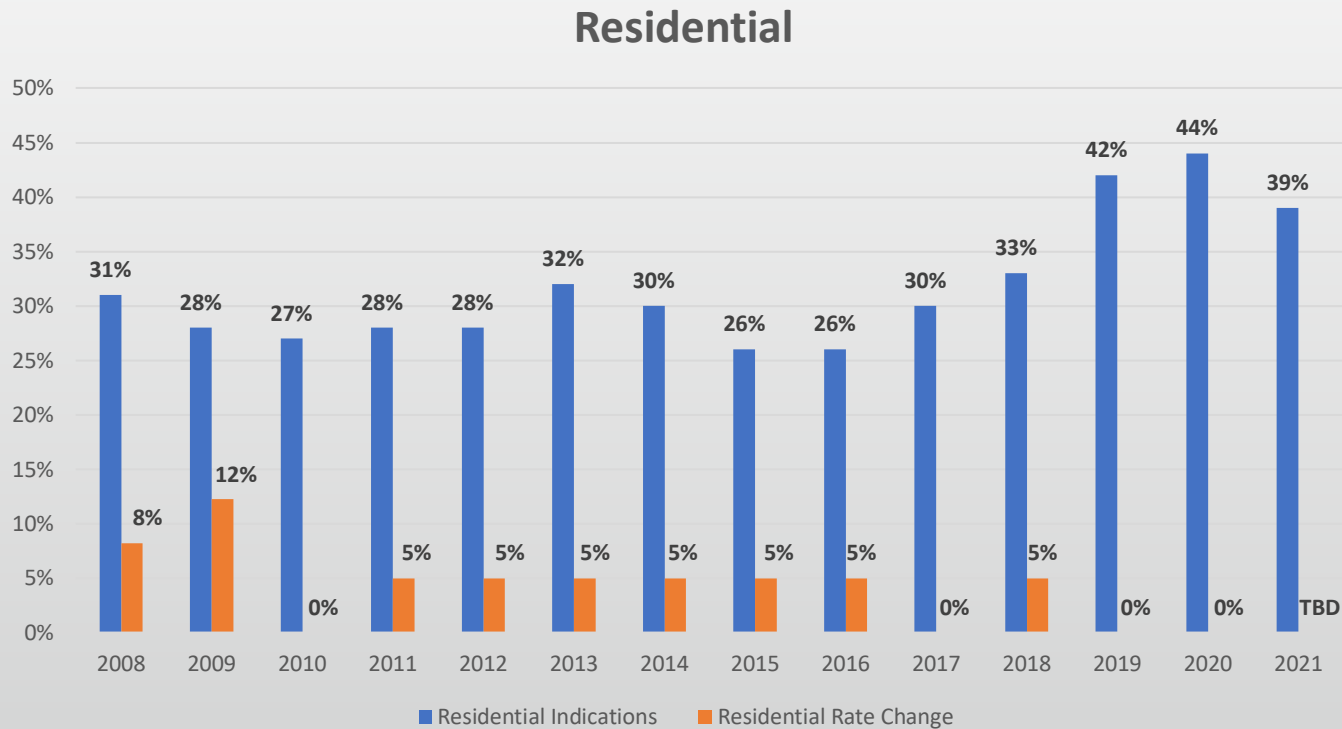
Reconciliation of Change in Rate Indications – Residential 2021 vs 2020



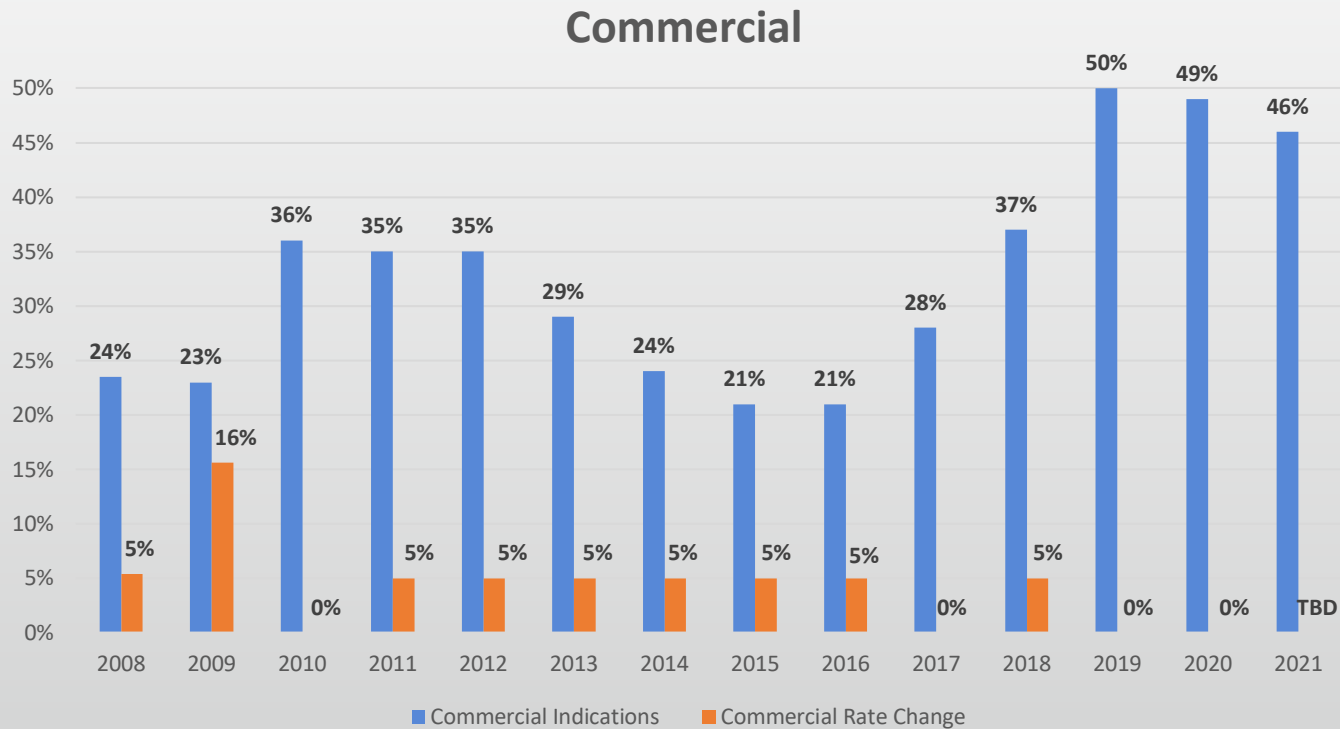
Reconciliation of Change in Rate Indications – Commercial 2021 vs 2020



Residential Rate Indications vs Rate Changes 2008-2021



Commercial Rate Indications vs Rate Changes 2008 -2021



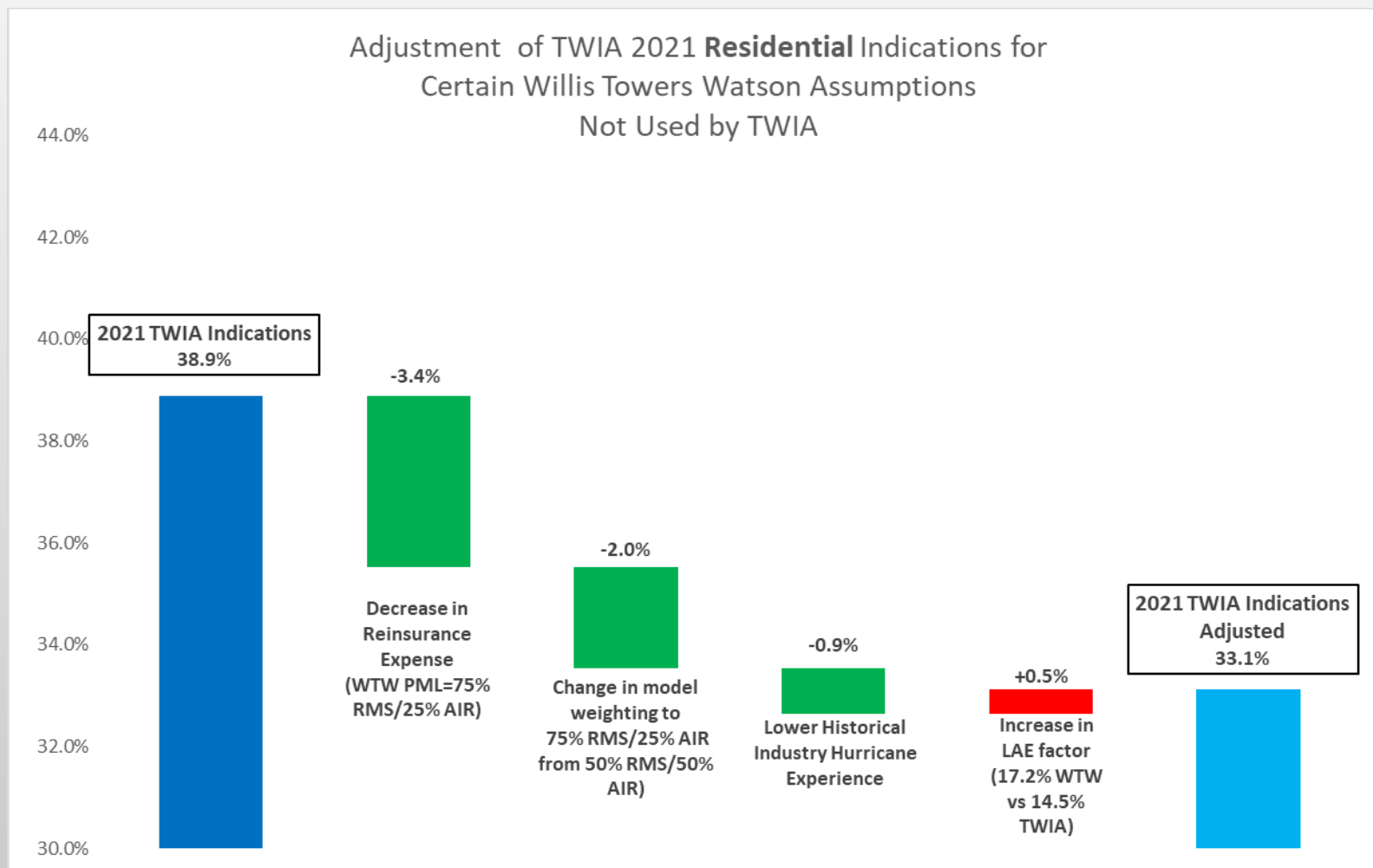
Impact of Alternative Rate Increases - Residential

Rate Element	2021	Residential Rate Increase - Illustrative							Indicated
	0.0%	2.5%	5.0%	7.5%	10.0%	12.5%	15.0%	39.0%
Non-Hurricane Loss Provision	14.9%	14.5%	14.2%	13.9%	13.5%	13.2%	13.0%		10.7%
Hurricane Loss Provision									
Industry Experience	41.5%	40.5%	39.5%	38.6%	37.7%	36.9%	36.1%		29.9%
Modeled (50/50 AIR and RMS)	52.2%	50.9%	49.7%	48.5%	47.4%	46.4%	45.3%		37.5%
Combined	46.8%	45.7%	44.6%	43.6%	42.6%	41.6%	40.7%		33.7%
Fixed Expenses									
Operating Expenses	8.1%	7.9%	7.7%	7.5%	7.4%	7.2%	7.0%		5.8%
Reinsurance	18.6%	18.2%	17.8%	17.3%	17.0%	16.6%	16.2%		13.4%
Outstanding Class 1 Bond Debt Service	18.6%	18.1%	17.7%	17.3%	16.9%	16.5%	16.2%		13.4%
Total	45.3%	44.2%	43.2%	42.2%	41.2%	40.3%	39.4%		32.6%
Total Loss Provision plus Fixed Expenses	107.1%	104.5%	102.0%	99.6%	97.3%	95.2%	93.1%		77.0%
Variable Expenses									
Commissions	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%		16.0%
Taxes and Fees	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%		1.9%
CRTF Funding & Contingencies	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%		5.0%
Total Variable Expenses	22.9%	22.9%	22.9%	22.9%	22.9%	22.9%	22.9%		22.9%
Rate Indication (rounded)	39.0%	35.0%	32.0%	29.0%	26.0%	23.0%	21.0%		0.0%

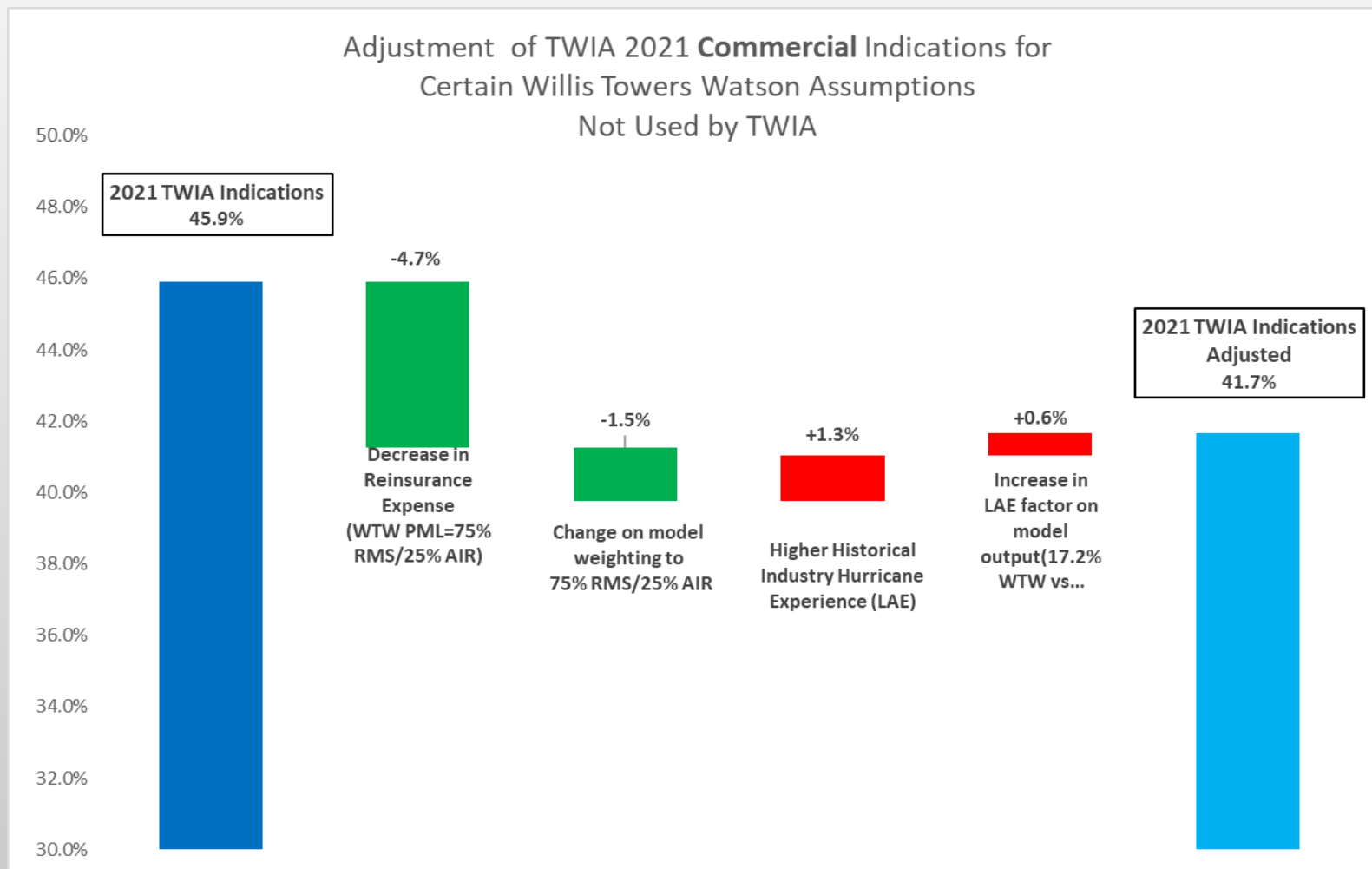
Impact of Alternative Rate Increases - Commercial

Rate Element	2021	Commercial Rate Increase - Illustrative							Indicated
	0.0%	2.5%	5.0%	7.5%	10.0%	12.5%	15.0%	46.0%
Non-Hurricane Loss Provision	8.1%	7.9%	7.7%	7.5%	7.4%	7.2%	7.0%		5.5%
Hurricane Loss Provision									
Experience	51.7%	50.4%	49.2%	48.1%	47.0%	46.0%	45.0%		35.4%
Modeled (50/50 AIR and RMS)	64.4%	62.8%	61.3%	59.9%	58.5%	57.2%	56.0%		44.1%
Combined	58.1%	56.6%	55.3%	54.0%	52.8%	51.6%	50.5%		39.8%
Fixed Expenses									
Operating Expenses	8.1%	7.9%	7.7%	7.5%	7.4%	7.2%	7.0%		5.5%
Reinsurance	19.7%	19.2%	18.7%	18.3%	17.9%	17.5%	17.1%		13.5%
Outstanding Class 1 Bond Debt Service	18.6%	18.1%	17.7%	17.3%	16.9%	16.5%	16.2%		12.7%
Total	46.4%	45.2%	44.1%	43.1%	42.1%	41.2%	40.3%		31.7%
Total Loss Provision plus Fixed Expenses	112.5%	109.8%	107.1%	104.7%	102.3%	100.0%	97.8%		77.1%
Variable Expenses									
Commissions	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%		16.0%
Taxes and Fees	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%		1.9%
CRTF Funding & Contingencies	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%		5.0%
Total Variable Expenses	22.9%	22.9%	22.9%	22.9%	22.9%	22.9%	22.9%		22.9%
Rate Indication (rounded)	46.0%	42.0%	39.0%	36.0%	33.0%	30.0%	27.0%		0.0%

Certain WTW Assumptions



Certain WTW Assumptions



Questions

6E. Required 2021 Annual Rate Filing

There is no exhibit for this topic

7. Amount of Agent Commission Paid by TWIA

Texas Insurance Code 2210.203 (d)

- The commissioner, after receiving a recommendation from the board of directors, shall approve a commission structure for payment of an agent who submits an application for coverage to the association on behalf of a person who has an insurable interest in insurable property. The commission structure adopted by the commissioner must be fair and reasonable, taking into consideration the amount of work performed by an agent in submitting an application to the association and the prevailing commission structure in the private windstorm market.

Related Sunset Recommendation

- **Sunset Advisory Commission staff recommended TWIA establish separate agent commission rates for new business and policy renewals following the implementation of changes that streamline the renewal process**
 - *“Separate rates for new applications and renewals would better allow TWIA to compensate insurance agents in a manner commensurate with the work required.”**
- **TWIA Response:**
 - *“TWIA has implemented the [changes that streamline the renewal process]. Staff intends to collect agent feedback and data on the utilization of the new payment methods by policyholders for a reasonable period following implementation to make a report to the Board regarding the efficacy of the four new processes. This data will be necessary for the Board of Directors to make an informed recommendation to the Commissioner regarding separate commission rates for new and renewal business.”*

Renewal Process Changes Recommended by Sunset

2.1 *Require TWIA to automatically offer policy renewal unless new information is necessary*

2.2 *Authorize TWIA to accept installment premium payments*

2.3 *Authorize TWIA to accept credit card payments*

2.5 *Direct TWIA to directly bill customers for premiums for automatic renewal*

8. Internal Audit Status & Update

MEMORANDUM

TO: The Board of Directors - Texas Windstorm Insurance Association

FROM: Bruce Zaret, Weaver - Internal Audit

DATE: August 3, 2021

SUBJECT: Status of Internal Audit Activities

The following is our internal audit update representing current and planned activities:

➤ **Current Activities:**

Activity Description	Status
Legal & Compliance	Report issued
Communications & Legislative Affairs	Report issued
Disaster Recovery	Report in final review
Governance	Report in review by management
Cash Management	Report in review by management

➤ **Upcoming Audits and Activities:**

Activity Description	Timing
Information Security	3 rd Quarter
Premium taxes	3 rd Quarter
Fraud Risk Assessment	3 rd Quarter
Actuarial	3 rd Quarter
Plan of Operation	4 th Quarter
Business Continuity of Operations	3 rd / 4 th Quarter
Vendor Management	4 th Quarter

➤ **ELT meetings:**

- Attended Executive Leadership Team and Operations meetings.

Texas Windstorm Insurance Association
Internal Audit Plan – Lookback (2018-2020) and Prospective (2021-2023)

Process Area	2020 Inherent Risk Rating	2018	2019	2020	2021	2022	2023
Information Security	High	x			x		
Claims Processing	High		x	x		x	
Reinsurance	High			x		x	
Database and Application Administration	High			x			x
Communications	High	x		x		x	
Actuarial (Pricing and Reserving)	High	x			x		
Legal & Compliance	High	x		x			x
Underwriting	Moderate	x		x			x
Depopulation	Moderate			x		x	
Plan Of Operation	Moderate				x		x
Business Continuity of Operations	Moderate		x		x		
Disaster Recovery	Moderate			x	x		
Governance	Moderate				x		
Financial Close and Reporting	Moderate			x			x
Accounts Payable and Expense Processing	Moderate		x			x	
Application Development	Moderate	x				x	
Information Technology Services	Moderate					x	
Vendor Management	Moderate		x		x		
Facilities and Services	Moderate			x			x
Cash Management	Moderate	x			x		
Fraud Risk Assessment	Low				x		
Premium Taxes	Low				x		
Accounts Receivable	Low		x			x	
Payroll	Low		x			x	

9. Underwriting

9A. Operational Review Update



MEMORANDUM

DATE: July 14, 2021
TO: John Polak, General Manager
FROM: Denise Larzalere, Vice President Underwriting
RE: Update on Underwriting Operational Highlights

Second Quarter 2021 Highlights

- I. Service Results:
 - a. Underwriting continues to have consistent turnaround time on all transactions. Our goal is to issue 90% of new business submissions, endorsements, renewals, and cancellations within 10 days; we are surpassing this standard with over 98% of transactions processed within 10 days. Over 85% of applications/renewals were processed within 1 day.
 - b. Quality Assurance results on underwriting decisions continue to exceed established goals.
 - c. Telephone service response times and service quality scores continue to meet expectations.
 - d. Underwriting is operating below budget, largely due to managing headcount and more efficient use of virtual and aerial inspections.
- II. Agency Compliance Audits:
 - a. Standard audits were performed on a sample of agents in the second quarter of 2021 to verify compliance with the declination of coverage and flood insurance requirements.
 - i. Ninety-five percent of agencies have completed their responses. Staff are pursuing responses from the remaining agency and escalating issues as necessary.
 - ii. Of the agents who have responded, 94% policies reviewed were compliant with the requirement for proof of declination of coverage, and staff are working to bring the remaining agencies into compliance.
 - iii. One percent of the policies/properties selected for review required flood insurance. Only one policy was not compliant with the flood insurance



requirement and staff are working with the agency to bring that policy into compliance.

- iv. All agents audited have an active property and casualty insurance license.

9B. Depopulation



TEXAS WINDSTORM
INSURANCE ASSOCIATION



Depopulation Programs

July 2021

DEPOPULATION STATUS

Depopulation Programs Summary

Assumption Reinsurance Depopulation Program

Program Year	2016-2017	2017-2018	2018-2019	2019-2020	2021-2022
Participating Carriers	4	3	2	2	1
Policies Selected by Carriers	102,171	109,356	75,039	64,380	32,318
Agent-Approved Offers	18,047	3,091	3,967	1,866	210
Policies Assumed as of June 1	11,164	1,634	2,080	1,002	TBD

Carrier	2016-2017	2017-2018	2018-2019	2019-2020	2021-2022
Maison Insurance Company	Y	N	N	N	N
SafePoint Insurance Company	N	Y	Y	Y	Y
United Property & Casualty	Y	Y	N	N	N
Weston Insurance Company	Y	Y	Y	Y	N
The Woodlands Insurance Company	Y	N	N	N	N

Voluntary Market Depopulation Program

Policies Bound Through Program, Month End June 2021
4,536

Assumption Reinsurance Depopulation Program

Round 4: Status

The assumption of policies became effective June 1, 2020, with 1,002 policies transferring to the two participating carriers. TWIA will handle policy changes for the assumed policies until they renew on assumption carriers' policy forms. After removing opt-outs and any policies no longer in-force (due to cancellations, non-renewals, etc.), approximately 92 policies remain on TWIA paper from Round 4.

Round 5: Status

Commissioner's Order 2018-5528 was issued September 23, 2020, approving amendments to the Assumption Reinsurance Depopulation Program that reflect changes made during the 86th Texas legislative session. TWIA has initiated Round 5 of the Assumption Program and will continue in accordance with the newly approved process and timeline.

Two carriers, Weston Insurance Company and SafePoint Insurance Company, submitted applications to participate in Round 5 of the Assumption Program. Commissioner's Order 2021-6672 was issued January 29, 2021 approving SafePoint Insurance Company's participation. Weston elected to withdraw its application to participate in the upcoming cycle of the Assumption Program in early February 2021.

SafePoint submitted its list of policies selected for offers through the program on March 1. The 32,318 proposed offers on unique policies were available for agents' review and selection on the TWIA depopulation website during the Agent Period of Round 5 from April 1 through May 31. Agents selected 210 offers to progress to the next phase of the program, the Policyholder Decision Period. In accordance with the changes made to the program during the 86th Texas legislative session, the Policyholder Decision Period will begin on December 3, 2021 as no decisions related to the program can be made by insurers, agents, or policyholders until storm season ends.

"Repopulation"

TWIA uses the insured location address to approximately identify returning risks – those that were depopulated from TWIA through the Assumption Reinsurance Depopulation Program, but came back ("Repopulated") to TWIA for wind and hail insurance after being assumed by one of the participating carriers. TWIA identified 1,057 or approximately six percent of risks that have returned to TWIA as of June 30, 2021.

Voluntary Market Depopulation Program

Four participating carriers have reported a total of 4,536 policies bound through the Voluntary Market Depopulation Program. The one current participating carrier in the Voluntary Program is Weston Insurance Company, who reported 2,506 policies bound to date. State National Insurance Company, United Property and Casualty (UPC), and USAA Casualty Insurance Company also previously received approval to participate. UPC reported 71 policies bound before electing to discontinue participation, while State National and USAA reported 1,876 and 83 policies bound, respectively, before becoming inactive in the program. There has been no activity in the program since November 2019.

10. Claims and Litigation

10A. Claims Operations

TWIA Claims Operations 2021

TWIA Claims - 2021 Results (through Q2)					
Key Cycle Times (In days)	Industry Average, TX	TWIA	TWIA Plan	Variance to Plan	% Variance to Plan
FNOL to Inspect Property	5.6	3.8	<3	0.8	27%
Inspect Property to Receipt by TWIA	3.5	2.0	<8	-6.0	-75%
Total Cycle Time FNOL to Payment	N/A	11.5	<12	-0.5	-3%
TDI Complaint Ratio					
2020	0.13% - 19 complaints from 14,432 new claims				
2021	0.23% - 9 complaints from 3,868 new claims				

Year	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21
Actual Volume	312	197	205	340	955	561	1,245	2,776	2,808	4,020	531	482	892	675	610	468	672	551
Actuarial Projected	599	418	418	1,379	1,379	409	400	400	574	562	273	273	614	428	428	1,716	1,716	428
Median Staffing	417	417	417	417	417	417	417	417	417	417	417	417	521	521	521	521	521	521
Open Inventory	1,656	1,596	1,526	1,256	1,661	1,243	1,958	5,078	6,379	9,609	9,294	8,822	8,763	8,814	8,545	8,180	7,785	6,829

Historical TWIA Claim Volume	
Year	Claims
2005	12,783
2006	1,862
2007	4,195
2008	99,813
2009	4,812
2010	4,801
2011	10,608
2012	8,601
2013	10,541
2014	2,843
2015	18,889
2016	8,393
2017	80,257
2018	7,242
2019	6,704
2020	14,432
2021	3,868

2017 Hurricane Harvey

TWIA Harvey	As of 3/31/21	As of 6/30/21	Change	% Change
Claims	76,716	76,719	3	0.00%
Open	546	438	-108	-19.8%
Closed	76,170	76,281	111	0.1%
% Closed	99.3%	99.40%	0.1%	0.1%
Paid Indemnity	\$1,360,549,421	\$1,365,707,025	\$5,157,604	0.4%
Paid Expense	\$147,911,631	\$148,520,429	\$608,798	0.4%
Active Appraisals	24	14	-10	-41.7%

2020 Hurricane Season

TWIA 2020 Hurricane Season	Hanna	Laura	Delta	Totals
New Claims	1,635	4,335	4,031	10,001
Closed Claims	1,020	2,611	2,262	5,893
% Closed	62.40%	60.20%	56.10%	178.70%
Open Inventory	615	1,724	1,769	4108
Paid Indemnity	\$8,242,571	\$16,337,746	\$17,380,849	\$41,961,166
Paid Expense	\$2,890,533	\$3,553,385	\$3,408,549	\$9,852,467
Total Paid	\$11,133,104	\$19,891,131	\$20,789,398	\$51,813,633

10B. Litigation Report



TEXAS WINDSTORM
INSURANCE ASSOCIATION

TWIA Litigation Tracking Activity

Litigation Quarter Summary Second Quarter 2021

2nd Quarter 2021	Summary of TWIA Claims in Suit			
		New	Settled	Closed
		HB3	HB3	HB3
	April	0	0	13
	May	1	0	17
	June	3	0	11
		4	0	41

2nd Quarter 2021	Summary of TWIA Claims with LORs			
		New	Settled	Closed
		HB3	HB3	HB3
	April	40	0	36
	May	43	0	36
	June	34	0	24
		117	0	96



TEXAS WINDSTORM
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TWIA Claims Litigation June 2021

Jun-21	TWIA Claims in Suit				
	Category	Beginning Inventory	New	Closed	Ending Inventory
	Pre-HB3	8	0	0	8
	HB3	338	3	(11)	330
	TOTAL	346	3	(11)	338

Jun-21	TWIA Claims with LORs					
	Category	Beginning Inventory	New	Closed	Converted to Suit	Ending Inventory
	Pre-HB3	0	0	0	0	0
	HB3	368	34	(24)	(2)	376
	TOTAL	368	34	(24)	(2)	376

Jun-21	TWIA Claims with Suits/LORs: Detail of Ending Inventory											
	Category	Active Unsettled Claims					Settled & Funded (Awaiting closing documents and final invoices)					GRAND TOTAL
		Suits		LORs			Suits		LORs			
		Res	Comm	Res	Comm	Total	Res	Comm	Res	Comm	Total	
	Pre-HB3	2	6	0	0	8	0	0	0	0	0	8
	HB3	295	32	335	28	690	3	0	11	2	16	706
TOTAL	297	38	335	28	698	3	0	11	2	16	714	



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INSURANCE ASSOCIATION

Jun-21	TWIA Active Pre-HB3 Claims w/ Suits/LORs: Breakdown by Firm and County				
	Firm	Chambers	Galveston	Jefferson	Total
	Buzbee	2	4	0	6
	Hodge Law Firm	0	1	0	1
	Mostyn	0	0	1	1
	TOTAL	2	5	1	8

Jun-21	TWIA Active HB3 Claims with Suits/LORs: Breakdown by County														
	Aransas	Brazoria	Calhoun	Cameron	Chambers	Galveston	Harris	Jefferson	Kenedy	Matagorda	Nueces	Refugio	San Patricio	Willacy	Grand Total
	54	14	11	31	4	89	17	303	1	4	126	5	36	3	698

Jun-21	TWIA Active HB3 Claims with Suits/LORs: Breakdown by Plaintiff Firm	
	Firm	#
	Daly & Black	233
	Furlow Law Firm	96
	Baker Law	61
	Scott Law Offices	39
	Carrigan & Anderson	25
	Lindsay, Lindsay & Parsons	22
	Chad T. Wilson	20
	Omar Ochoa Law Firm	19
	Lane Law Firm	16
	Hodge Law Firm	12
	Galindo Law	12
	Remaining 66 firms	143
	TOTAL	698

11. TWIA Operations

11A. Update on Elevate (Policy Administration Upgrade)



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TEXAS FAIR PLAN
ASSOCIATION

Enterprise Projects

ELEVATE

Board Meeting- August 2021

What is ELEVATE?

- **Upgrades** core business systems: Policy Center, Billing Center, and Claims Center
- **Moves** TWIA and TFPA to a common shared platform.
- **Launches** new Agent and Policyholder Portals.

Goals for ELEVATE

- 1. Reduce Operating Expenses**
- 2. Simplify Processes & User Experience**
- 3. Align More Closely with the Industry**

Goal 1: Reduce Operating Expenses

- **Reduced IT expenses**

- Reduced headcount
- Streamlined system maintenance effort
- Reduced costs of future system upgrades
- Reduced hardware costs
- Increased efficiencies and capabilities possible if moved to the cloud in the future

- **Reduced training overhead**

- Common Platform + Similar Workflows → Simplified Training Needs
- Simplified training results in fewer agent calls for support

Goal 2: Simplify Processes & User Experience

- **External**

- Provide our policyholders with a way to access account, policy, claim and billing information
- Provide agents a more user-friendly way to transact business with TWIA
- Provide customizable preference settings for communications between the Association, policyholders, and agents
- Provide the ability to incorporate most enhancements agents have requested; in general, more flexibility to provide more convenient and user-friendly features, such as additional payment plans, real time credit card payments, and online renewal processing

Goal 2: Simplify Processes & User Experience

- **Internal**

- Provide the business units a way to manage business rules and processes within each core system that doesn't require IT resources
- Centralize our agent and agency information to better assist, understand, manage, and audit agents
- Utilize integrations with additional third-party vendors to improve data quality and streamline business processes

Goal 3: Align More Closely with the Industry

- Redesigned application process that's more user-friendly with more pre-filled data
- Added 4-pay and 10-pay plans with auto draft
- Giving agents the opportunity to review and update an application prior to the Association issuing a renewal offer

Summary

- Reducing IT costs approximately \$5M/year
- Business costs, though harder to quantify, are also expected to decrease
- Upgrading our systems allows for improvements in some of the recent legislative changes
- Introducing policyholder self-service
- Early feedback from agents is positive
- Will continue to work with agents and begin policyholders for future enhancements

11B. Communications Update

MEMORANDUM

DATE: July 14, 2021
TO: TWIA Board of Directors
FROM: Jennifer Armstrong, Vice President, Communications & Legislative Affairs
RE: Communications & Legislative Affairs Operational Highlights

I. Legislative & Regulatory Affairs

- a) The 87th Legislative Session concluded on May 31. Of the 13 bills impacting the Association that were introduced in the session, four were passed by the Legislature and signed into law by the Governor.
- b) Major legislative outcomes of the session for TWIA were as follows:
 - i. Changes to the ratemaking process:
 - Two-thirds vote of the Board required for rate increases;
 - Board vote for a rate increase is prohibited if there is a vacancy on the Board of 60 days or greater;
 - All rate increases (not just >5%) must be approved by Insurance Commissioner.
 - ii. TWIA is prohibited from purchasing reinsurance from a broker that provides the Association with catastrophe modeling data used to determine the 1:100 PML or in adopting rates. (Going forward, TWIA will obtain this data directly from AIR and RMS.)
 - iii. TWIA is mandated to allow up to a 10-day grace period for premium payments. This change was recommended by the Board in TWIA's Biennial Report to the Legislature.
 - iv. The Interim Legislative Oversight Board studies postponed last year will be done next year.
- c) TWIA has begun planning its implementation of these new laws.

An exhibit describing the status of TWIA's Legislative Implementation Program for bills enacted this year is enclosed with this summary.
- d) During the final month of the session, TWIA staff was active in working with key legislators on House Bill 769 and Senate Bill 1448. TWIA held 22 meetings with House and Senate offices during the second quarter.

An exhibit listing all legislative and regulatory meetings attended in Q2 2021 and descriptions of those meetings are enclosed with this summary.

- e) Lieutenant Governor Dan Patrick announced several changes to Senate committee chairmanships following the session, including replacing Sen. Kelly Hancock (Tarrant County) with Sen. Charles Schwertner (Williamson County) as chair of the Business & Commerce Committee. He also announced that insurance issues would be removed from the jurisdiction of that committee and transferred to the Jurisprudence Committee, chaired by Sen. Joan Huffman (Harris County). However, in recent conversations the Lieutenant Governor's office has indicated that no final decision has been made as to which Senate committee will hear TWIA and insurance legislation going forward.
- f) Governor Abbott called a 30-day special session beginning July 8, and further special sessions are expected later in the year. While TWIA is not a topic listed in the Governor's Call to be eligible for enactment, at least one TWIA bill has been filed – Rep. Mayes Middleton's (Galveston County) bill to require TWIA to move to a Tier One or Tier Two coastal county. We will continue to monitor developments for any activity that may impact TWIA.
- g) From April 1 through June 30, 2021, we received and responded to 11 legislative and four coastal/industry stakeholder inquiries (one each from TDI, USAA, Texas Farm Bureau Insurance, and a TWIA policyholder).
- h) We continue to provide recurring operational email updates to the Board, the Texas Department of Insurance (TDI), legislative staff, and coastal elected officials and stakeholders.

II. Hurricane Preparedness & Coastal Outreach

- a) April marked the beginning of the Association's hurricane preparedness outreach season. During Q2 2021, we participated in two on-site coastal community events and several virtual events and continued to communicate with stakeholders through our digital channels.
 - i. We helped prepare stakeholders for storm season by sharing preparedness tips through digital and print communications. Our efforts included participation via Facebook in the National Weather Service's National Hurricane Preparedness Week in May, updating the TWIA Hurricane Preparedness page on our website, and placing ads online and in print publications in the TWIA coverage area to promote proactive steps stakeholders should take prior to a storm.
 - ii. Staff participated in six coastal outreach events throughout Q2 2021, including four webinars hosted by the Galveston Economic Development Partnership, the Better Business Bureau, Texas Sea Grant, and the National Weather Service in Corpus Christi, and two in-person hurricane preparedness events hosted by the City of Galveston and the private community of Jamaica Beach.

III. Media Relations

- a) TWIA's media outreach activity in Q2 2021 was similar to the same quarter in the previous year, driven by Board activity related to rates. While last year's activity was driven by meetings of the Actuarial & Underwriting Committee, media activity in this quarter was driven by the Board workshop meeting on rates. In Q2 of both years, TWIA issued 7 media alerts.

- b) However, TWIA coverage was up by about a third from the previous year. This was largely driven by increased mentions of TWIA in hurricane prep coverage, including high quality mentions in coastal outlets like the Houston Chronicle, KHOU-TV Houston, and KIAH-TV Houston, which covered TWIA's participation in a local hurricane preparedness fair. A TWIA press release on hurricane preparedness was also picked up by some smaller coastal print media outlets.
- c) Another driver in the increase in volume of coverage was TWIA's catastrophe funding / reinsurance purchase – about double the volume of the previous year's coverage in the same quarter. Like the previous year this was mostly neutral in sentiment, driven by insurance trade coverage.
- d) Media coverage of TWIA-related legislation was only about 30 percent of the volume from the same quarter in 2019 (the last time the Legislature was in session), attributable to less TWIA legislation being considered by the Legislature this year. The legislative coverage featuring quotes by coastal legislators drove sentiment slightly more negative in Q2 2021 than in the same quarter the previous year.

IV. Agent Advisory Group

- a) The Agent Advisory Group (AAG) met on July 13 for their third quarterly meeting of 2021. The topics included a recap of the 87th legislative session, a discussion about new condominium policy guides, and several project updates related to the Policy Center upgrade project (ELEVATE), including changes to TWIA's declinations process and premium payment plan options, the status of TDI filings, and an update on Round 5 of the Assumption Reinsurance Depopulation program.
- b) In response to the Board's request at the April public workshop to obtain feedback from the AAG on the agenda items of property inspections and policyholder and agent self-service enhancements:
 - i. We surveyed the AAG for feedback on TWIA's property inspections process and their own experience with property inspections or those of other carriers. The general feedback was positive related to TWIA's inspections process and there were no recommended changes from the AAG members.
 - ii. Information on AAG feedback on agent and policyholder self-service related to ELEVATE may be found under the TWIA Operations agenda topic.
- c) As reported previously, AAG members and TWIA staff initiated a condominium policy and claim task force to help agents better explain condo coverage and what to expect from the claims process to their clients. As part of this initiative, staff developed condominium policy guides to help unit owners better understand what to expect during the claims process based on their condo association's policy coverage.

We solicited feedback on the guides from the AAG members on the task force and incorporated that feedback into the final guides presented to the AAG members at the Q3 2021 meeting. While these guides will be provided to agents and unit owner policyholders during the claims process,



we informed the AAG members that we will work on additional condo policy and claim information for them to share with their clients, which they support.



Q2 2021 Legislative & Regulatory Meetings

Legislative / Regulatory Office	Staff Member	TWIA Staff	Purpose
April 2021			
Rep. Mayes Middleton	Andrew Herrell	Jennifer Armstrong	Met with staff to discuss a TWIA memo with House Bill 769 bill change recommendations.
Rep. Mayes Middleton	Andrew Herrell	Jennifer Armstrong, David Durden & Anna Stafford	Met with staff to discuss the relocation provision in House Bill 769.
Rep. JM Lozano	Matt Lamon	Jennifer Armstrong & David Durden	Met with staff to discuss Rep. Lozano's addition as an author on House Bill 769 and provide information about the relocation and funding provisions in the bill.
Rep. John Smithee	Andrea Stingley	Jennifer Armstrong & David Durden	Met with staff to provide information about TWIA bills moving through the legislative session.
Sen. Larry Taylor	Cari Christman	Jennifer Armstrong & David Durden	Met with staff to discuss current TWIA issues and bills moving through the legislative session.
Speaker Dade Phelan	Danny Mitnacht	Jennifer Armstrong & Anna Stafford	Met with staff to provide information about the relocation and funding provisions in House Bill 769.
Rep. Tom Oliverson	Eiman Siddiqui	Jennifer Armstrong & Anna Stafford	Met with staff to provide information about the relocation and funding provisions in House Bill 769.
Rep. Greg Bonnen	Brigitt Hartin	Jennifer Armstrong & Anna Stafford	Met with staff to provide information about the relocation and funding provisions in House Bill 769.
Rep. Ramon Romero	Michael Ramsey	Jennifer Armstrong & Anna Stafford	Met with staff to provide information about the relocation and funding provisions in House Bill 769.
Rep. Ken King	Megan Quijano	Jennifer Armstrong & Anna Stafford	Met with staff to provide information about the relocation and funding provisions in House Bill 769.



Legislative / Regulatory Office	Staff Member	TWIA Staff	Purpose
Rep. Mayes Middleton	Andrew Herrell	Jennifer Armstrong & Anna Stafford	Met with staff to provide information about the relocation and funding provisions in House Bill 769.
Rep. Celia Israel	Taryn Feigen	Jennifer Armstrong & Anna Stafford	Met with staff to provide information about the relocation and funding provisions in House Bill 769.
Rep. Jessica Gonzalez	Elliot Ross	Jennifer Armstrong & Anna Stafford	Met with staff to provide information about the relocation and funding provisions in House Bill 769.
May 2021			
Sen. Larry Taylor	Cari Christman	Jennifer Armstrong & David Durden	Met with staff to provide information about the relocation and funding provisions in House Bill 769.
Sen. Kelly Hancock	Mattie Heith	Jennifer Armstrong & David Durden	Met with staff to provide information about the relocation and funding provisions in House Bill 769.
Attending Legislators & Staff: <ul style="list-style-type: none"> • Cari Christman (Sen. Larry Taylor) • Miguel Liscano (Rep. Abel Herrero) • Michael Martinez (Unknown) • Jerry Alvarez (Rep. Todd Hunter) 		Jennifer Armstrong, David Durden, David Williams, Jerry Fadden, Jim Murphy & Anna Stafford	Invited legislators and legislative staff to the Q1 2021 TWIA Board Meeting Materials Briefing, focusing on those agenda items of expected interest to staff and legislators: 2021 hurricane season funding, the TWIA Board public workshop, TDI filings and other noteworthy operational activities.
Senate Natural Resources & Economic Development Committee	JW Galloway	Jennifer Armstrong & David Durden	Met with staff to provide information about the relocation and funding provisions in House Bill 769.
Sen. Carol Alvarado	Bobby Joe Dale	Jennifer Armstrong & David Durden	Met with staff to provide information about the relocation and funding provisions in House Bill 769.
Sen. Lois Kolkhorst	Grant McLoughlin	Jennifer Armstrong & David Durden	Met with staff to provide information about the relocation and funding provisions in House Bill 769.
Governor's Office	Scot Kibbe	Jennifer Armstrong & David Durden	Met with staff to provide information about the relocation and funding provisions in House Bill 769.



Legislative / Regulatory Office	Staff Member	TWIA Staff	Purpose
Lt. Governor's Office	Lauren Fleming	Jennifer Armstrong & David Durden	Met with staff to provide information about the relocation and funding provisions in House Bill 769.
Sen. Eddie Lucio, Jr.	Ruben O'Bell	Jennifer Armstrong & David Durden	Met with staff to provide information about the relocation and funding provisions in House Bill 769.
June 2021			
None			



TEXAS WINDSTORM
INSURANCE ASSOCIATION

Legislative Implementation Program

Provision Status as of July 14, 2021

House Bill 769			
Legislative Change	Effective Date	TWIA Status	TDI Status
Board Vacancy on Rate Vote	September 1, 2021	Pending	Pending
<i>Sec. 1. TWIA Board is prohibited from voting on a proposed rate increase if there is a Board vacancy of more than 60 days.</i> <ul style="list-style-type: none">• TDI must amend TWIA's Plan of Operation to implement by 10/31/2021.			
Reinsurance Purchase Requirements	September 1, 2021	Pending	Pending
<i>Sec. 2, 3. TWIA is prohibited from purchasing reinsurance from an insurer or broker that obtains the catastrophe modeling TWIA uses to determine the probable maximum loss or make rate decisions.</i> <ul style="list-style-type: none">• TWIA staff has entered into contracts with AIR and RMS and will obtain 2022 catastrophe model output directly from these firms.• TDI must amend TWIA's Plan of Operation to implement by 10/31/2021.			

House Bill 2920			
Legislative Change	Effective Date	TWIA Status	TDI Status
Premium Payment Grace Period	September 1, 2021	Pending	Pending
<i>Sec. 1. TDI must draft rules, with advice from TWIA, establishing a grace period of not more than 10 days after the due date for the receipt of payment of premium for the renewal of a policy.</i> <ul style="list-style-type: none">• TWIA plans to implement this provision as part of a planned systems upgrade project. Staff is currently evaluating how the project timeline will work with TDI's June 2022 deadline to draft rules permitting the grace period.			

House Bill 3564			
Legislative Change	Effective Date	TWIA Status	TDI Status
Windstorm Certificate of Compliance Recension	June 14, 2021	N/A	Pending
<i>Sec. 1, 2. TDI may no longer rescind a certificate of compliance after it has been issued. Applies only to certificates issued on or after effective date of Act.</i> <ul style="list-style-type: none">• Makes no changes to TWIA's processes.• TDI has reported plans to develop administrative alternatives to allow for corrections of faulty certificates of compliance.			



TEXAS WINDSTORM
INSURANCE ASSOCIATION

Legislative Implementation Program

Provision Status as of July 14, 2021

Senate Bill 1448			
Legislative Change	Effective Date	TWIA Status	TDI Status
Commissioner Approval of Rate Increases	September 1, 2021	N/A	Pending
<i>Sec. 1, 2. Requires annual and non-annual filings for a rate greater than the rate in effect on the filing date be approved by the Insurance Commissioner.</i>			
<ul style="list-style-type: none">Previously, TWIA could “file and use” a rate increase of up to 5%.			
Two-Thirds Vote for Rate Increase	September 1, 2021	Pending	N/A
<i>Sec. 1, 2. Requires a two-thirds vote of the TWIA Board to raise rates on annual or non-annual rate filings.</i>			
<ul style="list-style-type: none">TWIA staff will brief the Board on statutory changes to the ratemaking process at the August 2021 Board meeting and update the Board Training Manual to reflect these changes.			
Funding & Structure Study	September 1, 2021	Pending	N/A
<i>Sec. 3. Permits the Windstorm Insurance Legislative Oversight Board to study TWIA funding and structure issues and issue a report to the Legislature due November 15, 2022.</i>			
<ul style="list-style-type: none">TWIA is prepared to assist the Legislative Oversight Board in its deliberations.			
TWIA/TFPA Merger Study	September 1, 2021	Pending	N/A
<i>Sec. 4. Extends deadline to January 1, 2023 for the Windstorm Insurance Legislative Oversight Board to evaluate a merger of TWIA and TFPA and produce a report to the Legislature.</i>			
<ul style="list-style-type: none">TWIA is prepared to assist the Legislative Oversight Board in its deliberations.			

15. Future Meetings

December 7, 2021 – Omni Hotel –
Corpus Christi

February 22, 2022 – Hyatt Regency, Austin

May 17, 2022 – Hyatt Regency, Austin