

**QUARTERLY STATEMENT**

**OF THE**

**Texas Windstorm Insurance Association**

**of** Austin

**in the state of** Texas

**TO THE**

**Insurance Department**

**OF THE**

**STATE OF**

**Texas**

**FOR THE QUARTER ENDED**

**June 30, 2016**

**PROPERTY AND CASUALTY**

**2016**



30040201620100102

# QUARTERLY STATEMENT

AS OF JUNE 30, 2016  
OF THE CONDITION AND AFFAIRS OF THE

## Texas Windstorm Insurance Association

NAIC Group Code	4766	4766	NAIC Company Code	30040	Employer's ID Number	74-6189303
	(Current Period)	(Prior Period)				
Organized under the Laws of	Texas		State of Domicile or Port of Entry	Texas		
Country of Domicile	USA					
Incorporated/Organized	June 1, 1971			Commenced Business	June 1, 1971	
Statutory Home Office	5700 S. Mopac Bldg A			Austin, TX US 78749		
	(Street and Number)			(City or Town, State, Country and Zip Code)		
Main Administrative Office	5700 S. Mopac Bldg A					
	(Street and Number)					
	Austin, TX US 78749			512-899-4900		
	(City or Town, State, Country and Zip Code)			(Area Code)	(Telephone Number)	
Mail Address	P.O. Box 99090			Austin, TX US 78709		
	(Street and Number or P.O. Box)			(City or Town, State, Country and Zip Code)		
Primary Location of Books and Records	5700 S. Mopac Bldg A			Austin, TX US 78749	512-899-4900	
	(Street and Number)			(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)		
Internet Website Address	www.twia.org					
Statutory Statement Contact	Allen David Fulkerson			512-899-4988		
	(Name)			(Area Code)	(Telephone Number) (Extension)	
	afulkerson@twia.org			512-899-4952		
	(E-Mail Address)			(Fax Number)		

### OFFICERS

Chairman

Georgia Rutherford Neblett

	Name	Title
1.	John William Polak	General Manager
2.	Joshua Fields	Vice Chairman
3.	Debbie King	Secretary-Treasurer

### VICE-PRESIDENTS

Name	Title	Name	Title
David Patrick Durden	VP Legal	James Colin Murphy	VP Actuary
David Scott Williams	VP Claims	Camron Malik	VP IT
Juanita Deloris Lester #	VP HR and Administration	Jennifer Taylor Armstrong #	VP Communications & Legislative Affairs
Denise Ingerson Larzalere #	VP Underwriting		

### DIRECTORS OR TRUSTEES

Blair E. Crossan	Joshua Fields	Tony Schrader	Michael Frank Gerik
Bryan Shofner	Georgia Rutherford Neblett	R. Scott Kesner	Chandra Womack
Debbie King			

State of Texas

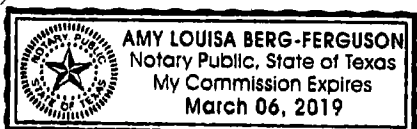
County of Travis ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
John William Polak	Peter Harold Gise	
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
General Manager	Chief Financial Officer	
(Title)	(Title)	(Title)

Subscribed and sworn to before me this 4<sup>th</sup> day of August, 2016

a. Is this an original filing?  Yes  No  
 b. If no: 1. State the amendment number .....  
 2. Date filed .....  
 3. Number of pages attached .....



## ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds				
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate:				
4.1 Properties occupied by the company (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 399,655,496), cash equivalents (\$ 519,340,480), and short-term investments (\$ 48,639,503)	1,004,146,307	36,510,828	967,635,479	991,616,741
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives				
8. Other invested assets				
9. Receivables for securities				
10. Securities lending reinvested collateral assets				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	1,004,146,307	36,510,828	967,635,479	991,616,741
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	289,617		289,617	99,543
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	613,612	139,272	474,340	228,148
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums (\$ 0) and contracts subject to redetermination (\$ 0)				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers				
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset				
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	4,855,748	4,855,748		
21. Furniture and equipment, including health care delivery assets (\$ 0)	1,241,864	1,241,864		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	833,081		833,081	1,054,610
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	1,986,696	1,865,306	121,390	94,819
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,013,966,925	44,613,018	969,353,907	993,093,861
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	1,013,966,925	44,613,018	969,353,907	993,093,861

DETAILS OF WRITE-IN LINES				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Prepaid assets	1,753,425	1,753,425		
2502. Accounts receivable write-in	121,390		121,390	94,819
2503. Security deposit - lease	111,881	111,881		
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,986,696	1,865,306	121,390	94,819

NONE

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Statement Date	December 31, Prior Year
1. Losses (current accident year \$ 15,320,288)	59,761,463	61,066,377
2. Reinsurance payable on paid losses and loss adjustment expenses		
3. Loss adjustment expenses	13,682,108	13,986,366
4. Commissions payable, contingent commissions and other similar charges	9,356,347	4,932,525
5. Other expenses (excluding taxes, licenses and fees)	3,350,566	4,200,368
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	913,161	1,954,041
7.1. Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))		
7.2. Net deferred tax liability		
8. Borrowed money \$ 500,000,000 and interest thereon \$ 19,344,000	519,344,000	519,344,000
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ 103,995,618 and including warranty reserves of \$ 0 and accrued accident and health experience rating refunds including \$ 0 for medical loss ratio rebate per the Public Health Service Act)	146,435,544	246,828,924
10. Advance premium	15,533,945	7,326,578
11. Dividends declared and unpaid:		
11.1. Stockholders		
11.2. Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	90,196,270	26,038,730
13. Funds held by company under reinsurance treaties		
14. Amounts withheld or retained by company for account of others		
15. Remittances and items not allocated	6,942,571	6,184,337
16. Provision for reinsurance (including \$ 0 certified)	1,690,783	
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates		
20. Derivatives		
21. Payable for securities		
22. Payable for securities lending		
23. Liability for amounts held under uninsured plans		
24. Capital notes \$ 0 and interest thereon \$ 0		
25. Aggregate write-ins for liabilities	102,147,149	101,231,615
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	969,353,907	993,093,861
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	969,353,907	993,093,861
29. Aggregate write-ins for special surplus funds		
30. Common capital stock		
31. Preferred capital stock		
32. Aggregate write-ins for other than special surplus funds		
33. Surplus notes		
34. Gross paid in and contributed surplus		
35. Unassigned funds (surplus)		
36. Less treasury stock, at cost:		
36.1. 0 shares common (value included in Line 30 \$ 0)		
36.2. 0 shares preferred (value included in Line 31 \$ 0)		
37. Surplus as regards policyholders (Lines 29 to 35, less 36)		
38. Totals (Page 2, Line 28, Col. 3)	969,353,907	993,093,861

DETAILS OF WRITE-IN LINES		
2501. Statutory fund payable	94,706,180	92,712,956
2502. Pension benefits liability	4,262,518	4,262,518
2503. Escheat funds	995,001	2,539,084
2598. Summary of remaining write-ins for Line 25 from overflow page	2,183,450	1,717,057
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	102,147,149	101,231,615
2901. ....		
2902. ....		
2903. ....		
2998. Summary of remaining write-ins for Line 29 from overflow page	<b>NONE</b>	
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)		
3201. ....		
3202. ....		
3203. ....		
3298. Summary of remaining write-ins for Line 32 from overflow page	<b>NONE</b>	
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)		

## STATEMENT OF INCOME

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
<b>UNDERWRITING INCOME</b>			
1. Premiums earned:			
1.1 Direct (written \$ 252,061,608)	248,459,371	247,848,131	501,721,842
1.2 Assumed (written \$ 0)			
1.3 Ceded (written \$ 124,794,742)	20,799,124	21,137,628	124,127,459
1.4 Net (written \$ 127,266,866)	227,660,247	226,710,503	377,594,383
DEDUCTIONS:			
2. Losses incurred (current accident year \$ 31,642,219):			
2.1 Direct	23,273,921	108,192,889	136,494,508
2.2 Assumed			
2.3 Ceded			
2.4 Net	23,273,921	108,192,889	136,494,508
3. Loss adjustment expenses incurred	14,611,271	23,608,830	42,391,266
4. Other underwriting expenses incurred	54,584,124	56,894,913	114,972,763
5. Aggregate write-ins for underwriting deductions	94,706,180	12,527,818	92,712,956
6. Total underwriting deductions (Lines 2 through 5)	187,175,496	201,224,450	386,571,493
7. Net income of protected cells			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	40,484,751	25,486,053	(8,977,110)
<b>INVESTMENT INCOME</b>			
9. Net investment income earned	(18,108,971)	(18,891,739)	(37,754,478)
10. Net realized capital gains (losses) less capital gains tax of \$ 0			
11. Net investment gain (loss) (Lines 9 + 10)	(18,108,971)	(18,891,739)	(37,754,478)
<b>OTHER INCOME</b>			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 0 amount charged off \$ 0)			
13. Finance and service charges not included in premiums			
14. Aggregate write-ins for miscellaneous income	28,499	2,142	3,888
15. Total other income (Lines 12 through 14)	28,499	2,142	3,888
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	22,404,279	6,596,456	(46,727,700)
17. Dividends to policyholders			
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	22,404,279	6,596,456	(46,727,700)
19. Federal and foreign income taxes incurred			(7,828,675)
20. Net income (Line 18 minus Line 19) (to Line 22)	22,404,279	6,596,456	(38,899,025)
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
21. Surplus as regards policyholders, December 31 prior year			
22. Net income (from Line 20)	22,404,279	6,596,456	(38,899,025)
23. Net transfers (to) from Protected Cell accounts			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 0			
25. Change in net unrealized foreign exchange capital gain (loss)			
26. Change in net deferred income tax			
27. Change in nonadmitted assets	(20,713,496)	(1,614,088)	39,446,750
28. Change in provision for reinsurance	(1,690,783)	(4,982,368)	
29. Change in surplus notes			
30. Surplus (contributed to) withdrawn from protected cells			
31. Cumulative effect of changes in accounting principles			
32. Capital changes:			
32.1 Paid in			
32.2 Transferred from surplus (Stock Dividend)			
32.3 Transferred to surplus			
33. Surplus adjustments:			
33.1 Paid in			
33.2 Transferred to capital (Stock Dividend)			
33.3 Transferred from capital			
34. Net remittances from or (to) Home Office			
35. Dividends to stockholders			
36. Change in treasury stock			
37. Aggregate write-ins for gains and losses in surplus			(547,725)
38. Change in surplus as regards policyholders (Lines 22 through 37)			
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)			

<b>DETAILS OF WRITE-IN LINES</b>			
0501. Statutory fund expense	94,706,180	12,527,818	92,712,956
0502.			
0503.			
0598. Summary of remaining write-ins for Line 05 from overflow page			
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)	94,706,180	12,527,818	92,712,956
1401. Other income (loss)	28,499	2,142	3,888
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	28,499	2,142	3,888
3701. Pension unassigned funds - unrecognized losses			(547,725)
3702.			
3703.			
3798. Summary of remaining write-ins for Line 37 from overflow page			
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)			(547,725)

## CASH FLOW

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance	199,378,438	195,524,117	379,328,516
2. Net investment income	(18,349,046)	(18,877,847)	(37,895,090)
3. Miscellaneous income	28,499	2,142	3,888
4. Total (Lines 1 to 3)	181,057,891	176,648,412	341,437,314
5. Benefit and loss related payments	24,578,834	86,023,041	134,184,261
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions	159,629,468	333,749,404	417,775,602
8. Dividends paid to policyholders			
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)			(61,059,212)
10. Total (Lines 5 through 9)	184,208,302	419,772,445	490,900,651
11. Net cash from operations (Line 4 minus Line 10)	(3,150,411)	(243,124,033)	(149,463,337)
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds			
12.2 Stocks			
12.3 Mortgage loans			
12.4 Real estate			
12.5 Other invested assets			
12.6 Net gains (or losses) on cash, cash equivalents and short-term investments			
12.7 Miscellaneous proceeds			
12.8 Total investment proceeds (Lines 12.1 to 12.7)			
13. Cost of investments acquired (long-term only):			
13.1 Bonds			
13.2 Stocks			
13.3 Mortgage loans			
13.4 Real estate			
13.5 Other invested assets			
13.6 Miscellaneous applications			
13.7 Total investments acquired (Lines 13.1 to 13.6)			
14. Net increase (or decrease) in contract loans and premium notes			
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)			
<b>Cash from Financing and Miscellaneous Sources</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes			
16.2 Capital and paid in surplus, less treasury stock			
16.3 Borrowed funds		9,564,533	9,564,533
16.4 Net deposits on deposit-type contracts and other insurance liabilities			
16.5 Dividends to stockholders			
16.6 Other cash provided (applied)	(20,830,851)	1,420,676	(13,842,187)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(20,830,851)	10,985,209	(4,277,654)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(23,981,262)	(232,138,824)	(153,740,991)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	991,616,741	1,145,357,732	1,145,357,732
19.2 End of period (Line 18 plus Line 19.1)	967,635,479	913,218,908	991,616,741

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001			
20.0002			
20.0003			

## NOTES TO FINANCIAL STATEMENTS

### Note 1- Summary of Significant Accounting Policies

#### A. Accounting Practices

The accompanying financial statements of Texas Windstorm Insurance Association (TWIA) have been prepared on the basis of accounting practices prescribed or permitted by the Department of Insurance of the State of Texas (TDI). Prescribed statutory accounting practices include state laws, regulations and general administrative rules applicable to all insurance companies domiciled in the State of Texas and the National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Manual* subject to any deviations prescribed or permitted by the Texas Department of Insurance.

Reconciliations of net income and policyholders' surplus between the amounts reported in the accompanying financial statement (TX basis) and NAIC SAP follow:

Description	Current Year to Date	Prior Year Ended December 31
1. Net income, TX basis	\$ 22,404,279	(\$ 38,899,025)
2. Effect of TX prescribed practices	-	-
3. Effect of TX permitted practices Nonadmitted reinsurance premium	-	-
4. Net income, NAIC SAP basis	\$ 22,404,279	(\$ 38,899,025)

Description	Current Year to Date	Prior Year Ended December 31
5. Policyholders' surplus, TX basis	\$ -	\$ -
6. Effect of TX prescribed practices	-	-
7. Effect of TX permitted practices Nonadmitted bond	(\$ 519,340,480)	(\$ 519,341,179)
8. Policyholders' surplus, NAIC SAP basis	(\$ 519,340,480)	(\$ 519,341,179)

TDI has approved the permitted practice to allow TWIA to admit the following restricted assets associated with the issuance of Series 2014 Pre-Event Class 1 Revenue Bonds ("Series 2014 bonds") as of June 30, 2016 (see Debt footnote) to the extent that the assets do not exceed bond related liabilities. The detailed amounts are as follows:

- \$444,754,022 held in the program fund.
- \$111,097,286 held in the obligation revenue fund for repayment of the Series 2014 bonds.
- (\$36,510,828) related to the amount of assets in excess of bond liabilities.

The restrictions are primarily due to debt service reserves and use of proceeds only when a large hurricane event occurs.

- B. Use of Estimates in the Preparation of the Financial Statements – No significant change  
 C. Accounting Policy – No significant change  
 D. Going Concern – Management has evaluated the Association's ability to continue as a going concern. There is no substantial doubt for the Association to continue as a going concern.

### Note 2- Accounting Changes and Corrections of Errors

No significant change

### Note 3 - Business Combinations and Goodwill

Not applicable

### Note 4 - Discontinued Operations

Not applicable

### Note 5 – Investments

- A. Mortgage Loans – Not applicable  
 B. Troubled debt restructuring for creditors – Not applicable  
 C. Reverse mortgages – Not applicable  
 D. Loan-backed and structured securities – Not applicable

## NOTES TO FINANCIAL STATEMENTS

- E. Repurchase agreements and/or securities lending transactions – No significant change  
3 B. The aggregate fair value of all securities acquired was \$555,851,308.
- F. Writedowns for impairments of real estate, real estate sales and retail land sales operations and real estate with participating mortgage loan features – None
- G. Low income housing tax credits – None
- H. Restricted Assets – During the second quarter 2016, TWIA has invested in time deposit with a bank that have a 31 day mandatory maturity where funds are available only at future date. The value of time deposits totaled \$90,202,187 as of June 30, 2016.
- I. Working Capital Finance Investments – None
- J. Offsetting and Netting of Assets and Liabilities – None
- K. Structured Notes– Not applicable

### **Note 6 - Joint Ventures, Partnerships and Limited Liability Companies**

Not applicable

### **Note 7 - Investment Income**

No significant change

### **Note 8 - Derivative Instruments**

Not applicable

### **Note 9 - Income Taxes**

No significant change

### **Note 10 - Information Concerning Parent, Subsidiaries, and Affiliates**

No significant change

### **Note 11 - Debt**

No significant change

- B. Funding Agreements with Federal Home Loan Bank (FHLB)

Not applicable

### **Note 12 - Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences and Other Postretirement Benefit Plans**

No significant change

### **Note 13 - Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations**

Not applicable

### **Note 14 - Contingencies**

- A. Capital Commitments  
The Association has no commitments or contingent commitments to other entities.
- B. Assessments  
Not applicable
- C. Gain Contingencies  
Not applicable
- D. Extra Contractual Obligation and Bad Faith Losses  
None
- E. Product Warranties  
Not applicable
- F. Joint and Several Liabilities



## NOTES TO FINANCIAL STATEMENTS

Not applicable

G. Other Contingencies

The Association is subject to various investigations, claims and legal proceedings covering a wide range of matters that arise in the ordinary course of business activities. Management believes that any liability that may ultimately result from the resolution of these matters in excess of the amounts provided will not have a material adverse effect on the financial position of the Association. These matters are subject to various uncertainties, and some of these matters may be resolved unfavorably to the Association.

**Note 15 – Leases**

No significant change

**Note 16 - Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk**

Not applicable

**Note 17 - Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

Not applicable

**Note 18 - Gain or Loss from Uninsured Portion of Partially Insured Plans**

Not applicable

**Note 19 - Direct Premium Written/Produced by Managing General Agents/Third Party Administrators**

Not applicable

**Note 20 - Fair Value Measurement**

A. Inputs Used for Assets and Liabilities Measured and Reported at FAIR Value

Not applicable

B. Other Fair Value Disclosures

Not applicable

C. Fair Values for All Financial Instruments by Levels 1, 2 and 3

The table below reflects the fair values and admitted assets and liabilities that are financial instruments. The fair values are also categorized into the three-level fair value hierarchy. Cash, cash equivalents and short-term investments are the only financial instruments held by the Association in which carrying value and fair value are the same.

<u>Type or Class of Financial Instrument</u>	<u>Aggregate Fair Value</u>	<u>Admitted Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash, cash equivalents and short-term investments	\$1,004,146,307	\$967,635,478	\$1,001,146,307	\$ -	\$ -

D. Items for which Not Practicable to Estimate Fair Values

Not applicable

**Note 21 - Other Items**

A. Unusual or Infrequent Items

Not applicable

B. Troubled Debt Restructuring for Debtors

Not applicable

C. Other Disclosures

None

## NOTES TO FINANCIAL STATEMENTS

- D. Business Interruption Insurance Recoveries  
Not applicable
- E. State Transferable and Non-transferable Tax Credits  
Not applicable
- F. Subprime Mortgage Related Risk Exposure  
Not applicable
- G. Insurance Linked Securities  
No significant change

### Note 22 - Events Subsequent

Subsequent events have been considered through the date of issuance of these financial statements. There were no events occurring subsequent to the end of the quarter that merited recognition or disclosure in these statements.

### Note 23 - Reinsurance

- A. Unsecured Reinsurance Recoverables

The Association does have unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium with individual reinsurers, authorized or unauthorized, that exceeds 3% of the Company's policyholder surplus.

NAIC Code	Federal ID #	Name of Reinsurer	Amount
26921	22-2005057	Everest Reinsurance Company	2,112,421
23680	47-0698507	Odyssey Reinsurance Company	230,320
10219	23-1641984	QBE Reinsurance Corporation	35,633
25364	13-1675535	Swiss Re Underwriters Agency, Inc. o/b/o Swiss Reinsurance America Corp	61,289
19453	13-5616275	Transatlantic Reinsurance Company	85,844
	AA-3190770	Chubb Tempest Reinsurance Ltd. Fka Ace Tempest Reinsurance Ltd.	157,001
	AA-1464104	Allianz Risk Transfer AG	96,124
	AA-3190829	Markel Bermuda Limited f/k/a Alterra Bermuda Limited	191,933
	AA-3190005	Ascot Underwriting (Bermuda) Ltd. o/b/o American International Reinsurance Company	210,535
	AA-3194126	Arch Reinsurance Ltd	92,128
	AA-1120083	Ariel Re Bermuda Limited obo Lloyd's Underwriter Syndicate No. 1910	207,288
	AA-3194168	Aspen Bermuda Limited	76,773
	AA-3194139	AXIS Specialty Limited	335,598
	AA-9240012	China Property & Casualty Reinsurance Company Limited	21,380
	AA-3194122	DaVinci Reinsurance Ltd thru Renaissance U/W	549,392
	AA-3191289	Fidelis Insurance Bermuda Limited	97,008
	AA-3191190	Hamilton Re, Ltd (Formerly S.A.C. Re Ltd)	68,028
	AA-3190875	Hiscox Insurance Company Ltd (Bermuda)	35,633
	AA-8310008	Humboldt Re Limited	17,816
	AA-8310006	Kelvin Re Limited	17,816
	AA-5420050	Korean Reinsurance Company	23,032
	AA-3190871	Lancashire Insurance Company Ltd	48,052
	AA-1126566	Lloyd's Underwriter Syndicate No. 0566	35,633
	AA-1127084	Lloyd's Underwriter Syndicate No. 1084 CSL	87,283
	AA-1127183	Lloyd's Underwriter Syndicate No. 1183 TAL	28,506
	AA-1120085	Lloyd's Underwriter Syndicate No. 1274 AUL	33,832
	AA-1127414	Lloyd's Underwriter Syndicate No. 1414 ASC	363,551
	AA-1120102	Lloyd's Underwriter Syndicate No. 1458 RNR	118,393
	AA-1120084	Lloyd's Underwriter Syndicate No. 1955 BAR	35,633
	AA-1128001	Lloyd's Underwriter Syndicate No. 2001 AML	89,082
	AA-1128003	Lloyd's Underwriter Syndicate No. 2003 XLC fks SJC	51,605
	AA-1120071	Lloyd's Underwriter Syndicate No. 2007 NVA	35,633
	AA-1120097	Lloyd's Underwriter Syndicate No. 2468 MFM	35,842
	AA-1128791	Lloyd's Underwriter Syndicate No. 2791 MAP	133,742

## NOTES TO FINANCIAL STATEMENTS

AA-1128987	Lloyd's Underwriter Syndicate No. 2987 BRT	27,868
AA-1120075	Lloyd's Underwriter Syndicate No. 4020 ARK	49,886
AA-1126004	Lloyd's Underwriter Syndicate No. 4444 CNP	142,532
AA-1120152	Nautical Management Ltd o/b/o Lloyd's Syndicate 2357	545,611
AA-5340660	The New India Assurance Company Limited	35,633
AA-1460100	SATEC Srl o/b/o Neue Ruckversicherungs-Gesellschaft AG	22,591
AA-3190686	Partner Reinsurance Company Ltd.	191,933
AA-5320039	Pioneer Underwriting Ltd. Obo Peak Reinsurance Company Ltd	23,920
AA-9240019	Pioneer Underwriting Ltd. Obo PICC Property & Casualty Company Ltd.	21,380
AA-1120145	QBE Re (Europe) Ltd - Bermuda Branch, Hamilton	92,128
AA-3191298	Qatar Reinsurance Company Ltd. fka Qatar Reinsurance Co. LLC	30,709
AA-3190339	Renaissance Reinsurance Ltd.	811,251
AA-5324100	Pioneer Underwriting Ltd. oboTaiping Reinsurance Company Ltd.	25,363
AA-1460023	Tokio Millennium Re AG	226,952
AA-3190870	Validus Reinsurance, Ltd.	339,747

### B. Reinsurance Recoverables in Dispute

The Association does not have reinsurance recoverables in dispute for paid losses and loss adjustment expenses that exceed 5% of policyholders' surplus from an individual reinsurer or exceed 10% of policyholders' surplus in aggregate.

Name of Reinsurer	Total Amount in Dispute (Including IBNR)	Status of Dispute		
		Notification	Arbitration	Litigation
NONE				

### C. Reinsurance Assumed and Ceded

- The following table summarizes the assumed and ceded unearned premiums and related commissions equity at the end of the current year.

(in thousands)

	Assumed		Ceded		Assumed Less Ceded	
	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
a. Affiliates						
b. All other			\$103,996	\$8,320	(\$103,996)	(\$8,320)
c. Totals			\$103,996	\$8,320	(\$103,996)	(\$8,320)
d. Direct Unearned Premium Reserve			\$250,431			

- No accrual exists at the end of the current year for additional or return commission, predicated on loss experience or on any other form of profit sharing agreements in this annual statement as a result of existing contractual arrangements.
- The Association does not use protected cells as an alternative to traditional reinsurance.

### D. Uncollectible Reinsurance

Not applicable

### E. Commutation of Ceded Reinsurance

Not applicable

### F. Retroactive Reinsurance

Not applicable

## NOTES TO FINANCIAL STATEMENTS

- G. Reinsurance Accounted for as a Deposit  
Not applicable
- H. Run-off Agreements  
Not applicable
- I. Certified Reinsurer Downgrades or Status Subject to Revocation  
Not applicable
- J. Reinsurance Agreement Qualifying for Reinsurer Aggregation  
Not applicable

### **Note 24 - Retrospectively Rated Contracts & Contracts Subject to Redetermination**

Not applicable

### **Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses**

	June 30, 2016 YTD	December 31, 2015 YTD
Beginning Balance	\$ 75,052,743	\$ 71,308,833
Incurred, net of reinsurance, related to:		
Current year	44,095,363	184,534,606
Prior years	(6,210,171)	(5,648,833)
Net Incurred	37,885,192	178,885,773
Paid, net of reinsurance, related to:		
Current year	(24,899,164)	(159,315,215)
Prior years	(14,595,200)	(15,826,648)
Net Paid Losses	(39,494,364)	(175,141,863)
Ending Balance	\$ 73,443,571	\$ 75,052,743

Reserves as of December 31, 2015 were \$75,052,743. As of June 30, 2016, \$14,595,200, net of reinsurance, has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$54,247,373 as a result of re-estimation of unpaid claims and claim adjustment expenses. Therefore, there has been \$6,210,171 favorable prior-year development since December 31, 2015. Recent development trends are also taken into account in evaluating the overall adequacy of reserves. The Association feels that the loss and LAE reserves as of June 30, 2016 make a reasonable provision for Texas Windstorm Insurance Association's claim liabilities.

### **Note 26 - Intercompany Pooling Arrangements**

Not applicable

### **Note 27 - Structured Settlements**

Not applicable

### **Note 28 - Health Care Receivables**

Not applicable

### **Note 29 - Participating Policies**

Not applicable

## NOTES TO FINANCIAL STATEMENTS

---

**Note 30 - Premium Deficiency Reserves**

No significant change

**Note 31 - High Deductibles**

Not applicable

**Note 32 - Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses**

Not applicable

**Note 33 - Asbestos/Environmental Reserves**

A hearing was held on January 8, 2003, for the purpose of making changes to T.W.I.A. policies. A petition was heard to clarify T.W.I.A.'s exclusion for mold coverage. T.W.I.A. policies do not cover loss due to mold damage, and the clarification verbiage is being added to all of its policies, i.e., residential, commercial, and mobile home. Approval of the petition became effective March 1, 2003.

**Note 34 - Subscriber Savings Accounts**

Not applicable

**Note 35 - Multiple Peril Crop Insurance**

Not applicable

**Note 36 - Financial Guaranty Insurance**

Not applicable

# GENERAL INTERROGATORIES

## PART 1 – COMMON INTERROGATORIES

### GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [ ] No [X]

1.2 If yes, has the report been filed with the domiciliary state? Yes [ ] No [ ]

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [X]

2.2 If yes, date of change: \_\_\_\_\_

3.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [ ] No [X]

If yes, complete Schedule Y, Parts 1, and 1A.

3.2 Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [ ] No [X]

3.3 If the response to 3.2 is yes, provide a brief description of those changes.  
 .....  
 .....  
 .....

4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]

4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....	.....	.....
.....	.....	.....

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [ ] No [ ] N/A [X]  
 If yes, attach an explanation.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. \_\_\_\_\_ 12/31/2012 \_\_\_\_\_

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. \_\_\_\_\_ 12/31/2012 \_\_\_\_\_

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). \_\_\_\_\_ 10/24/2014 \_\_\_\_\_

6.4 By what department or departments?  
 Texas Department of Insurance  
 .....  
 .....

6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [X] No [ ] N/A [ ]

6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [ ] N/A [ ]

7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [X]

## GENERAL INTERROGATORIES

7.2 If yes, give full information

.....  
 .....  
 .....

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [ ] No [ X ]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

.....  
 .....  
 .....

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [ ] No [ X ]

8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC
.....	.....	.....	.....	.....	.....

9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules, and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.

Yes [ X ] No [ ]

9.11 If the response to 9.1 is No, please explain:

.....  
 .....  
 .....

9.2 Has the code of ethics for senior managers been amended? Yes [ X ] No [ ]

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

The Ethics policy revision and update was conducted as part of TWIA's standard process for reviewing association policies. The amendments primarily relate to minor reorganizing of the Code of Ethics. The main subject areas updated relate to prohibited relationships, disclosures and acceptance and rejection of gifts. Please contact TWIA for further information.

.....

9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [ X ]

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

.....  
 .....  
 .....

## FINANCIAL

10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ X ] No [ ]

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 833,081

## INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [ X ] No [ ]

## GENERAL INTERROGATORIES

11.2 If yes, give full and complete information relating thereto:  
 Monies held at the Texas Treasury Safekeeping Trust Company are restricted for future hurricane losses or debt service for the 2014 bonds. See footnote 11 in the 2015 Annual Statement for additional information.

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$ \_\_\_\_\_

13. Amount of real estate and mortgages held in short-term investments: \$ \_\_\_\_\_

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [ ] No [X]

14.2 If yes, please complete the following:

	1	2
	Prior Year-End Book/Adjusted Carrying Value	Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	\$ _____	\$ _____
14.22 Preferred Stock	\$ _____	\$ _____
14.23 Common Stock	\$ _____	\$ _____
14.24 Short-Term Investments	\$ _____	\$ _____
14.25 Mortgage Loans on Real Estate	\$ _____	\$ _____
14.26 All Other	\$ _____	\$ _____
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	\$ _____	\$ _____
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	\$ _____	\$ _____

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [ ] No [X]

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?  
 If no, attach a description with this statement. Yes [ ] No [ ]

16. For the reporting entity's security lending program, state the amount of the following as current statement date:

16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	\$ _____
16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	\$ _____
16.3 Total payable for securities lending reported on the liability page	\$ _____

17. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [ ] No [X]

17.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
.....	.....
.....	.....

17.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....	.....	.....
.....	.....	.....

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? Yes [ ] No [X]



## GENERAL INTERROGATORIES

17.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....	.....	.....	.....

17.5 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
.....	.....	.....

18.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed?

Yes [ ] No [X]

18.2 If no, list exceptions:

Texas Windstorm Insurance Association did not file with the SVO.  
 .....  
 .....

## GENERAL INTERROGATORIES

### PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change? Yes [ ] No [ ] N/A [X]  
 If yes, attach an explanation.

2. Has the reporting entity reinsured any risk with any other reporting entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured? Yes [ ] No [X]  
 If yes, attach an explanation.

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? Yes [ ] No [X]

3.2 If yes, give full and complete information thereto:  
 .....  
 .....  
 .....

4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation tabular reserves (see Annual Statement Instructions pertaining to disclosure of discounting for definition of "tabular reserves") discounted at a rate of interest greater than zero? Yes [ ] No [X]

4.2 If yes, complete the following schedule:

1 Line of Business	2 Maximum Interest	3 Discount Rate	TOTAL DISCOUNT				DISCOUNT TAKEN DURING PERIOD			
			4 Unpaid Losses	5 Unpaid LAE	6 IBNR	7 TOTAL	8 Unpaid Losses	9 Unpaid LAE	10 IBNR	11 TOTAL
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
TOTAL			.....	.....	.....	.....	.....	.....	.....	.....

5. Operating Percentages:  
 5.1. A&H loss percent \_\_\_\_\_ %  
 5.2. A&H cost containment percent \_\_\_\_\_ %  
 5.3. A&H expense percent excluding cost containment expenses \_\_\_\_\_ %

6.1 Do you act as a custodian for health savings accounts? Yes [ ] No [X]

6.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$ \_\_\_\_\_

6.3 Do you act as an administrator for health savings accounts? Yes [ ] No [X]

6.4 If yes, please provide the balance of the funds administered as of the reporting date. \$ \_\_\_\_\_



## SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

### Current Year To Date - Allocated by States and Territories

States, Etc.	1 Active Status	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid		
		2	3	4	5	6	7	
		Current Year to Date	Prior Year to Date	Current Year to Date	Prior Year to Date	Current Year to Date	Prior Year to Date	
1. Alabama	AL	N						
2. Alaska	AK	N						
3. Arizona	AZ	N						
4. Arkansas	AR	N						
5. California	CA	N						
6. Colorado	CO	N						
7. Connecticut	CT	N						
8. Delaware	DE	N						
9. District of Columbia	DC	N						
10. Florida	FL	N						
11. Georgia	GA	N						
12. Hawaii	HI	N						
13. Idaho	ID	N						
14. Illinois	IL	N						
15. Indiana	IN	N						
16. Iowa	IA	N						
17. Kansas	KS	N						
18. Kentucky	KY	N						
19. Louisiana	LA	N						
20. Maine	ME	N						
21. Maryland	MD	N						
22. Massachusetts	MA	N						
23. Michigan	MI	N						
24. Minnesota	MN	N						
25. Mississippi	MS	N						
26. Missouri	MO	N						
27. Montana	MT	N						
28. Nebraska	NE	N						
29. Nevada	NV	N						
30. New Hampshire	NH	N						
31. New Jersey	NJ	N						
32. New Mexico	NM	N						
33. New York	NY	N						
34. North Carolina	NC	N						
35. North Dakota	ND	N						
36. Ohio	OH	N						
37. Oklahoma	OK	N						
38. Oregon	OR	N						
39. Pennsylvania	PA	N						
40. Rhode Island	RI	N						
41. South Carolina	SC	N						
42. South Dakota	SD	N						
43. Tennessee	TN	N						
44. Texas	TX	L	252,061,608	257,402,102	24,578,835	86,023,041	59,761,463	80,925,978
45. Utah	UT	N						
46. Vermont	VT	N						
47. Virginia	VA	N						
48. Washington	WA	N						
49. West Virginia	WV	N						
50. Wisconsin	WI	N						
51. Wyoming	WY	N						
52. American Samoa	AS	N						
53. Guam	GU	N						
54. Puerto Rico	PR	N						
55. U.S. Virgin Islands	VI	N						
56. Northern Mariana Islands	MP	N						
57. Canada	CAN	N						
58. Aggregate Other Alien	OT	X X X						
59. Totals	(a) 1		252,061,608	257,402,102	24,578,835	86,023,041	59,761,463	80,925,978

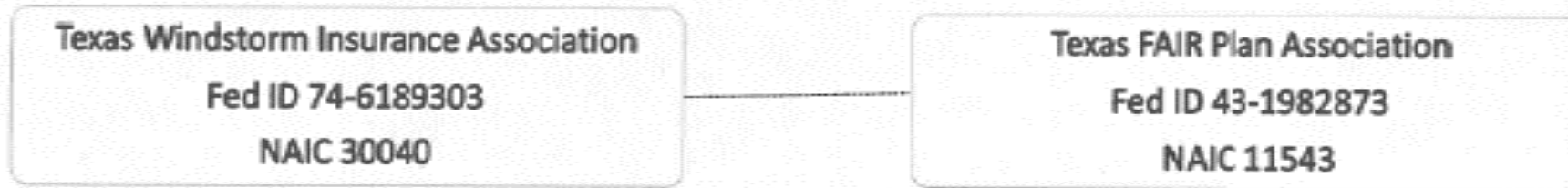
DETAILS OF WRITE-INS							
58001.		X X X					
58002.		X X X					
58003.		X X X					
58998. Summary of remaining write-ins for Line 58 from overflow page		X X X					
58999. Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)		X X X					

NONE

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer;  
 (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.  
 (a) Insert the number of L responses except for Canada and Other Alien.

## SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

### PART 1 - ORGANIZATIONAL CHART





### PART 1 – LOSS EXPERIENCE

Lines of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire				
2. Allied lines	248,459,371	23,273,921	9.4	43.7
3. Farmowners multiple peril				
4. Homeowners multiple peril				
5. Commercial multiple peril				
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine				
10. Financial guaranty				
11.1 Medical professional liability-occurrence				
11.2 Medical professional liability-claims made				
12. Earthquake				
13. Group accident and health				
14. Credit accident and health				
15. Other accident and health				
16. Workers' compensation				
17.1 Other liability-occurrence				
17.2 Other liability-claims made				
17.3 Excess Workers' Compensation				
18.1 Products liability-occurrence				
18.2 Products liability-claims made				
19.1, 19.2 Private passenger auto liability				
19.3, 19.4 Commercial auto liability				
21. Auto physical damage				
22. Aircraft (all perils)				
23. Fidelity				
24. Surety				
26. Burglary and theft				
27. Boiler and machinery				
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-Nonproportional Assumed Property	XXX	XXX	XXX	XXX
32. Reinsurance-Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
33. Reinsurance-Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business				
35. TOTALS	248,459,371	23,273,921	9.4	43.7

DETAILS OF WRITE-INS			
3401.	<b>NONE</b>		
3402.			
3403.			
3498. Summary of remaining write-ins for Line 34 from overflow page			
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34)			

### PART 2 – DIRECT PREMIUMS WRITTEN

Lines of Business	1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1. Fire			
2. Allied lines	149,426,727	252,061,608	257,402,102
3. Farmowners multiple peril			
4. Homeowners multiple peril			
5. Commercial multiple peril			
6. Mortgage guaranty			
8. Ocean marine			
9. Inland marine			
10. Financial guaranty			
11.1 Medical professional liability-occurrence			
11.2 Medical professional liability-claims made			
12. Earthquake			
13. Group accident and health			
14. Credit accident and health			
15. Other accident and health			
16. Workers' compensation			
17.1 Other liability-occurrence			
17.2 Other liability-claims made			
17.3 Excess Workers' Compensation			
18.1 Products liability-occurrence			
18.2 Products liability-claims made			
19.1, 19.2 Private passenger auto liability			
19.3, 19.4 Commercial auto liability			
21. Auto physical damage			
22. Aircraft (all perils)			
23. Fidelity			
24. Surety			
26. Burglary and theft			
27. Boiler and machinery			
28. Credit			
29. International			
30. Warranty			
31. Reinsurance-Nonproportional Assumed Property	XXX	XXX	XXX
32. Reinsurance-Nonproportional Assumed Liability	XXX	XXX	XXX
33. Reinsurance-Nonproportional Assumed Financial Lines	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business			
35. TOTALS	149,426,727	252,061,608	257,402,102

DETAILS OF WRITE-INS			
3401.	<b>NONE</b>		
3402.			
3403.			
3498. Summary of remaining write-ins for Line 34 from overflow page			
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34)			

**PART 3 (000 omitted)**

**LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE**

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	2016 Loss and LAE Payments on Claims Reported as of Prior Year-End	2016 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2016 Loss and LAE Payments (Cols 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year-End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year-End	Q.S. Date IBNR Loss & LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols 7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 4 + 7 - 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 5 + 8 + 9 - 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/Deficiency (Cols. 11 + 12)
1. 2013 + prior	6,886	41,350	48,236	1,850	155	2,005	6,671	36	38,565	45,272	1,635	(2,594)	(959)
2. 2014	1,305	292	1,597	343		343	701		208	909	(261)	(84)	(345)
3. Subtotals 2014 + prior	8,191	41,642	49,833	2,193	155	2,348	7,372	36	38,773	46,181	1,374	(2,678)	(1,304)
4. 2015	7,030	18,190	25,220	5,599	6,648	12,247	4,627	763	2,677	8,067	3,196	(8,102)	(4,906)
5. Subtotals 2015 + prior	15,221	59,832	75,053	7,792	6,803	14,595	11,999	799	41,450	54,248	4,570	(10,780)	(6,210)
6. 2016	X X X	X X X	X X X	X X X	24,899	24,899	X X X	2,624	16,572	19,196	X X X	X X X	X X X
7. Totals	15,221	59,832	75,053	7,792	31,702	39,494	11,999	3,423	58,022	73,444	4,570	(10,780)	(6,210)

8. Prior Year-End Surplus As Regards Policyholders \_\_\_\_\_

	Col. 11, Line 7 As % of Col. 1, Line 7	Col. 12, Line 7 As % of Col. 2, Line 7	Col. 13, Line 7 As % of Col. 3, Line 7
1.	30.024	2. -18.017	3. -8.274
			Col. 13, Line 7 Line 8
			4. _____



## SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	Response
1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?	NO
2. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement?	NO
3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	NO
4. Will the Director and Officer Insurance Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	YES

**Explanation:**

- Question 1: Not required  
 .....  
 .....
- Question 2: TWIA does not provide medical professional liability coverage.  
 .....  
 .....
- Question 3: TWIA does not provide Medicare Part D coverage.  
 .....  
 .....

**Bar Code:**



**OVERFLOW PAGE FOR WRITE-INS**

**Page 3 - Continuation**

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1	2
	Current Statement Date	December 31, Prior Year
<b>REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR LIABILITIES</b>		
2504. Lease incentive obligation .....	817,994	880,918
2505. Surcharge payable .....	788,186	401,775
2506. Deferred rent liability .....	577,270	434,364
2597. Totals (Lines 2504 through 2596) (Page 3, Line 2598)	2,183,450	1,717,057

**NONE**    **Schedule A, B, BA and D Verification**

**NONE**    **Schedule D - Part 1B**

### SCHEDULE DA - PART 1

#### Short-Term Investments

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999	48,639,503	X X X	48,639,503		

### SCHEDULE DA - VERIFICATION

#### Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of short-term investments acquired	48,639,503	
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals		
7. Deduct amortization of premium		
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	48,639,503	
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	48,639,503	

**NONE Schedule DB - Part A and B Verification**

**NONE Schedule DB - Part C - Section 1**

**NONE Schedule DB - Part C - Section 2**

**NONE Schedule DB - Verification**

## SCHEDULE E - VERIFICATION

(Cash Equivalents)

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	534,432,876	503,772,725
2. Cost of cash equivalents acquired	21,418,432	30,660,151
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals		
7. Deduct amortization of premium		
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	555,851,308	534,432,876
11. Deduct total nonadmitted amounts	36,510,828	15,091,697
12. Statement value at end of current period (Line 10 minus Line 11)	519,340,480	519,341,179

- NONE    Schedule A - Part 2 and 3**
- NONE    Schedule B - Part 2 and 3**
- NONE    Schedule BA - Part 2 and 3**
- NONE    Schedule D - Part 3**
- NONE    Schedule D - Part 4**
- NONE    Schedule DB - Part A - Section 1**
- NONE    Schedule DB - Part B - Section 1**
- NONE    Schedule DB - Part D - Section 1**
- NONE    Schedule DB - Part D - Section 2**
- NONE    Schedule DL - Part 1**
- NONE    Schedule DL - Part 2**

## SCHEDULE E - PART 1 - CASH

### Month End Depository Balances

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
					6	7	8	
					First Month	Second Month	Third Month	
Open Depositories								
Bank of America, N.A. - Austin, TX					54,273,577	78,032,642	26,333,987	
Bank of America, N.A. - Certificate of Deposit Due Jun 21,2016		0.500	12,778		10,000,000	10,000,000		
Bank of America, N.A. - Certificate of Deposit Due Dec 21,2016		0.500		1,250				10,000,000
Bank of America, N.A. - Certificate of Deposit Due Sep 21,2016		0.700		29,458	15,000,000	15,000,000	15,000,000	
Bank of America, N.A. - Certificate of Deposit Due Apr 27,2016		0.340	51,283					
Bank of America, N.A. - Certificate of Deposit Due Oct 25,2016		0.700		18,730	15,051,283	15,051,283	15,051,283	
Bank of America, N.A. - Certificate of Deposit Due Aug 25,2016		0.550		14,667	15,000,000	15,000,000	15,000,000	
Bank of America, N.A. - Certificate of Deposit Due Jul 25,2016		0.700		75,347	25,000,000	25,000,000	25,000,000	
Citibank, N.A. - Dallas, TX					3,242	3,242	2,896	
Citibank, N.A. - MMDA - Dallas, TX		0.150	333		892,272	892,445	892,435	
Citibank, N.A. - MMDA - Dallas, TX		0.150	4		11,086	11,087	11,089	
Citibank, N.A. - MMTD - San Antonio, TX	O		110,329		90,128,486	90,165,933	90,202,187	
JP Morgan Chase Bank, N.A. - San Antonio, TX					603,630	646,001	503,630	
JP Morgan Chase Bank, N.A. - MMDA - San Antonio, TX		0.250	186		299,331	299,395	299,456	
JP Morgan Chase Bank, N.A. - San Antonio, TX							1,000,000	
JP Morgan Chase Bank, - Certificate of Deposit Due Sep 23,2016		0.540		20,877	15,012,346	15,012,346	15,012,346	
JP Morgan Chase Bank, - Certificate of Deposit Due Apr 23,2016		0.370	18,562		15,000,000			
JP Morgan Chase Bank, - Certificate of Deposit Due Aug 23,2016		0.370		10,346	18,562	15,018,562	15,018,562	
JP Morgan Chase Bank, - Certificate of Deposit Due May 23,2016		0.400	25,007		15,000,000			
JP Morgan Chase Bank, - Certificate of Deposit Due Oct 23,2016		0.540		8,447		15,025,007	15,025,007	
JP Morgan Chase Bank, - Certificate of Deposit Due Jun 23,2016		0.440	33,127		15,000,000	15,000,000		
JP Morgan Chase Bank, - Certificate of Deposit Due Dec 23,2016		0.510		1,467			15,033,127	
JP Morgan Chase Bank, - Certificate of Deposit Due Jul 23,2016		0.470		46,871	20,000,000	20,000,000	20,000,000	
JP Morgan Chase Bank, - Certificate of Deposit Due Aug 23,2016		0.490		48,866	20,000,000	20,000,000	20,000,000	
Wells Fargo Bank, N.A. - Certificate of Deposit Due Jul 29,2016		0.120		4,602	15,050,392	15,050,392	15,050,392	
Wells Fargo Bank, N.A. - Certificate of Deposit Due Apr 29,2016		0.120	2,019					
Wells Fargo Bank, N.A. - Certificate of Deposit Due May 29,2016		0.100	422		5,047,921			
Wells Fargo Bank, N.A. - Certificate of Deposit Due Jun 29,2016		0.200	414			5,048,343		
Wells Fargo Bank, N.A. - Certificate of Deposit Due Nov 28,2016		0.310		256			15,051,562	
Wells Fargo Bank, N.A. - Certificate of Deposit Due May 29,2016		0.120	7,501		15,045,902			
Wells Fargo Bank, N.A. - Certificate of Deposit Due Jun 29,2016		0.200	2,369			15,053,403		
Wells Fargo Bank, N.A. - Certificate of Deposit Due Oct 28,2016		0.290		120			15,055,772	
Wells Fargo Bank, N.A. - Certificate of Deposit Due Jun 29,2016		0.190	14,301		15,045,902	15,045,902		
Wells Fargo Bank, N.A. - Certificate of Deposit Due Dec 29,2016		0.360		149			15,060,203	
Wells Fargo Bank, N.A. - Certificate of Deposit Due Apr 27,2016		0.200	25,054					
Wells Fargo Bank, N.A. - Certificate of Deposit Due May 27,2016		0.100	2,135		25,048,880			
Wells Fargo Bank, N.A. - Certificate of Deposit Due Jun 27,2016		0.200	3,351			25,051,016		
Wells Fargo Bank, N.A. - Certificate of Deposit Due Sep 28,2016		0.280		231			15,051,562	
Wells Fargo Bank, N.A. - Certificate of Deposit Due Sep 28,2016		0.280		96			12,500,000	
Wells Fargo Bank, N.A. - Certificate of Deposit Due Dec 29,2016		0.360		123			12,500,000	
0199998 Deposits in ( ) depositories that do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories	X X X	X X X						X X X
0199999 Total - Open Depositories	X X X	X X X	309,175	281,903	401,532,812	425,406,999	399,655,496	X X X
Suspended Depositories								
0299998 Deposits in ( ) depositories that do not exceed the allowable limit in any one depository (see Instructions) - Suspended Depositories	X X X	X X X						X X X
0299999 Total Suspended Depositories	X X X	X X X						X X X
0399999 Total Cash on Deposit	X X X	X X X	309,175	281,903	401,532,812	425,406,999	399,655,496	X X X
0499999 Cash in Company's Office	X X X	X X X	X X X	X X X				X X X
0599999 Total	X X X	X X X	309,175	281,903	401,532,812	425,406,999	399,655,496	X X X





**NONE**    **Trusted Surplus Statement**

**NONE**    **Medicare Part D**

Designate the type of health care providers reported on this page.



30040201645000020

**SUPPLEMENT "A" TO SCHEDULE T  
EXHIBIT OF MEDICAL PROFESSIONAL LIABILITY PREMIUMS WRITTEN  
ALLOCATED BY STATES AND TERRITORIES**

States, Etc.	1 Direct Premiums Written	2 Direct Premiums Earned	Direct Losses Paid		5 Direct Losses Incurred	Direct Losses Unpaid		8 Direct Losses Incurred But Not Reported
			3 Amount	4 Number of Claims		6 Amount Reported	7 Number of Claims	
1. Alabama AL								
2. Alaska AK								
3. Arizona AZ								
4. Arkansas AR								
5. California CA								
6. Colorado CO								
7. Connecticut CT								
8. Delaware DE								
9. District of Columbia DC								
10. Florida FL								
11. Georgia GA								
12. Hawaii HI								
13. Idaho ID								
14. Illinois IL								
15. Indiana IN								
16. Iowa IA								
17. Kansas KS								
18. Kentucky KY								
19. Louisiana LA								
20. Maine ME								
21. Maryland MD								
22. Massachusetts MA								
23. Michigan MI								
24. Minnesota MN								
25. Mississippi MS								
26. Missouri MO								
27. Montana MT								
28. Nebraska NE								
29. Nevada NV								
30. New Hampshire NH								
31. New Jersey NJ								
32. New Mexico NM								
33. New York NY								
34. North Carolina NC								
35. North Dakota ND								
36. Ohio OH								
37. Oklahoma OK								
38. Oregon OR								
39. Pennsylvania PA								
40. Rhode Island RI								
41. South Carolina SC								
42. South Dakota SD								
43. Tennessee TN								
44. Texas TX								
45. Utah UT								
46. Vermont VT								
47. Virginia VA								
48. Washington WA								
49. West Virginia WV								
50. Wisconsin WI								
51. Wyoming WY								
52. American Samoa AS								
53. Guam GU								
54. Puerto Rico PR								
55. US Virgin Islands VI								
56. Northern Mariana Islands MP								
57. Canada CAN								
58. Aggregate Other Alien OT								
59. Totals								

**NONE**

DETAILS OF WRITE-INS								
58001.								
58002.								
58003.								
58998. Summary of remaining write-ins for Line 58 from overflow page								
58999. Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)								

**NONE**



30040201650500102

## DIRECTOR AND OFFICER INSURANCE COVERAGE SUPPLEMENT

Year To Date For The Period Ended 2016

NAIC Group Code ..... 4766

NAIC Company Code ..... 30040

Company Name Texas Windstorm Insurance Association

If the reporting entity writes any director and officer (D&O) business, please provide the following:

1. Monoline Policies

1 Direct Written Premium	2 Direct Earned Premium	3 Direct Losses Incurred
\$ _____	\$ _____	\$ _____

2. Commercial Multiple Peril (CMP) Packaged Policies

2.1 Does the reporting entity provide D&O liability coverage as part of a CMP packaged policy? Yes [ ] No [ X ]

2.2 Can the direct premium earned for D&O liability coverage provided as part of a CMP packaged policy be quantified or estimated? Yes [ ] No [ X ]

2.3 If the answer to question 2.2 is yes, provide the quantified or estimated direct premium earned amount for D&O liability coverage in CMP packaged policies

2.31 Amount quantified: \$ \_\_\_\_\_

2.32 Amount estimated using reasonable assumptions: \$ \_\_\_\_\_

2.4 If the answer to question 2.1 is yes, provide direct losses incurred (losses paid plus change in case reserves) for the D&O liability coverage provided in CMP packaged policies. \$ \_\_\_\_\_