



# ANNUAL REPORT

June 1, 2024 - May 31, 2025

**Serving the Texas  
Coast Since 1971**

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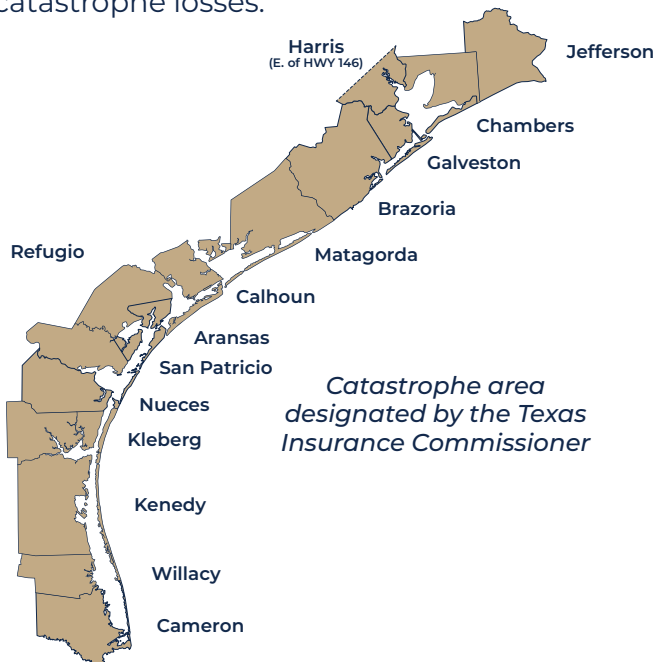
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# History & Purpose

The Texas Windstorm Insurance Association (TWIA) is a not-for-profit insurance company created by the Texas Legislature in 1971 to provide wind and hail coverage on the Texas coast. TWIA is governed by Texas Insurance Code, Chapter 2210. TWIA is not a state agency and does not receive funds from the general revenue.

TWIA is a residual market insurer and does not act as a direct competitor with the private insurance market. TWIA's primary purpose is to provide an adequate market for wind and hail insurance in the portion of the Texas seacoast territory where the Commissioner of Insurance has determined that windstorm and hail insurance is not reasonably available. This "designated catastrophe area" currently includes all 14 first-tier coastal counties and a portion of Harris County east of Highway 146.

TWIA operates as an insurance company by issuing policies, collecting premiums, and paying losses. TWIA is required by law to transfer its net gain from operations each year into the Catastrophe Reserve Trust Fund (CRTF), an account maintained by the Texas Comptroller dedicated to the payment of future TWIA catastrophe losses.



## Mission

TWIA's mission is to provide reliable and accessible property insurance that protects Texans when they need it most.

## Vision

Doing our part to strengthen Texas communities.

## Values

You can Trust us to:

**Do What is Right**

**Treat You With Respect**

**Be Ready to Respond**

# About This Report

June 1, 2025

Re: Texas Windstorm Insurance Association (TWIA) Annual Report – Section 2210.107(c)

The Honorable Greg Abbott, Governor  
The Honorable Dan Patrick, Lieutenant Governor  
The Honorable Dustin Burrows, Speaker, Texas House of Representatives  
The Honorable Cassie Brown, Commissioner of Insurance  
Members of the Senate Committee on Business & Commerce  
Members of the House Committee on Insurance  
Members, Windstorm Insurance Legislative Oversight Board

Pursuant to Texas Insurance Code Section 2210.107(c), please find enclosed TWIA's Annual Report evaluating the extent to which the Association has met the objectives described therein for the 12-month period immediately preceding the date of this report.

The primary objectives of the TWIA Board of Directors ("the Board"), as set forth in Chapter 2210 of the Texas Insurance Code, are to ensure that the Board and TWIA:

1. Operate in accordance with this chapter, the Plan of Operation, and Commissioner rules;
2. Comply with sound insurance principles;
3. Meet all standards imposed under this chapter;
4. Establish a code of conduct and performance standards for Association employees and persons with which the Association contracts; and
5. Establish, and adhere to the terms of, an annual evaluation of Association management necessary to achieve the statutory purpose, Board objectives, and any performance or enterprise risk management objectives established by the Board.

The Annual Report is organized into two sections: The State of the Association, a narrative describing TWIA's activities and accomplishments from June 1, 2024, to May 31, 2025, and a Statutory Compliance section detailing required areas of compliance and operational changes during the reporting period.

The Association is in full material compliance with all current standards of performance outlined in this report.

This is the 14th Annual Report to be issued by TWIA since the enactment of House Bill 3 (82nd Texas Legislature).

Should you have any questions, please feel free to contact me at (512) 505-2255.



David Durden  
General Manager

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# State of the Association



As the Texas Windstorm Insurance Association (TWIA) experiences growth for the fifth consecutive year, it is clear that the Association is more important to our Texas coastal communities than ever. As of the end of the first quarter of 2025, the Association has more than 276,000 policies with more than \$117 billion in exposures (the total insured value of all properties TWIA insures). Both of these figures are at the highest levels in TWIA's history.

Begun as the Texas Catastrophe Property Insurance Association in 1971, it was the state's response to a series of storms, including Hurricane Celia. During this time, many private insurance companies chose to exit the market of the Texas coast. This made it difficult for property owners in coastal counties to maintain residential and commercial coverage.

Since its creation, TWIA has become an essential component of the economy of the Texas coast. The availability of TWIA coverage allows people to live, work, and do business in this important region of the state.

As a residual insurer, the Association contributes to the provision of an adequate market for windstorm and hail insurance in the seacoast territory of Texas, which the Texas Legislature has determined is necessary for the economic welfare of the state. TWIA aims to achieve this legislative purpose by fulfilling our mission and vision, adhering to our values, and complying with Texas Insurance Code, Chapter 2210, the Plan of Operation, sound insurance principles, and the primary objectives of the TWIA Board of Directors.

According to testimony delivered to the Legislature by the Insurance Commissioner in March 2025, TWIA is now the largest windstorm insurer on the Texas coast, with more than 50 percent of market share for wind and hail coverage in the designated catastrophe area. TWIA's policy count and exposures have been on the rise since 2020.

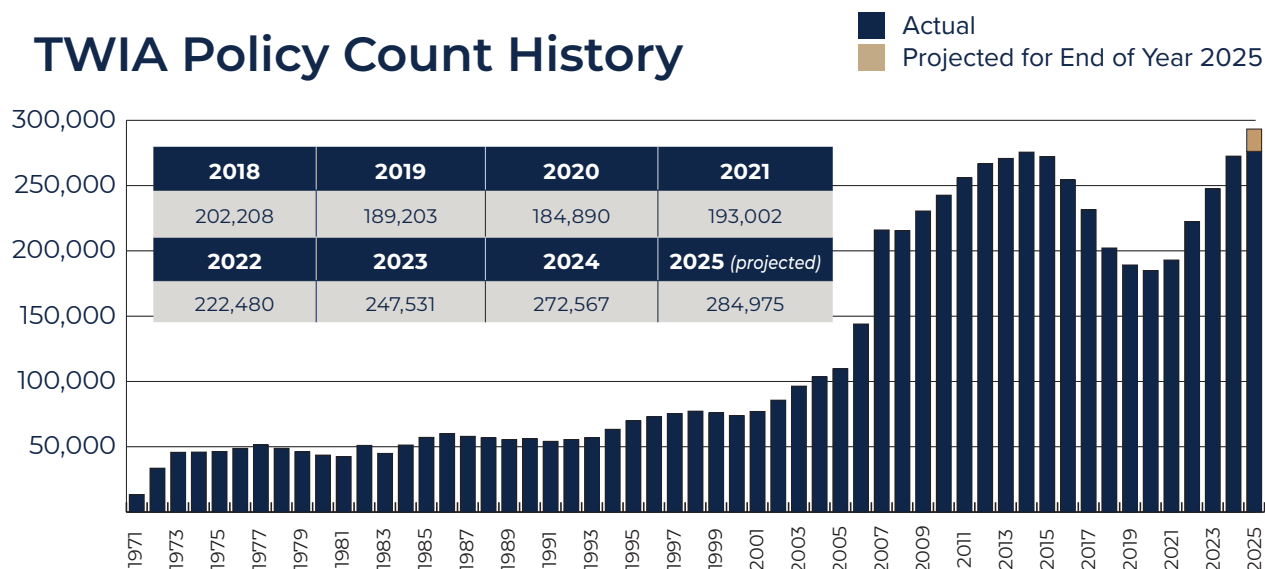
Adapting to the increased demand for TWIA coverage has required Association management to change aspects of how the business operates. This includes implementing essential technology upgrades to better serve policyholders and maintaining financial strategies that optimize the funds entrusted to us.

The information in this report outlines how, for the 12 months covered by this report, Association staff, executive leadership, and the Board of Directors have taken actions to ensure that we are ready to respond when storms damage our coastal communities.

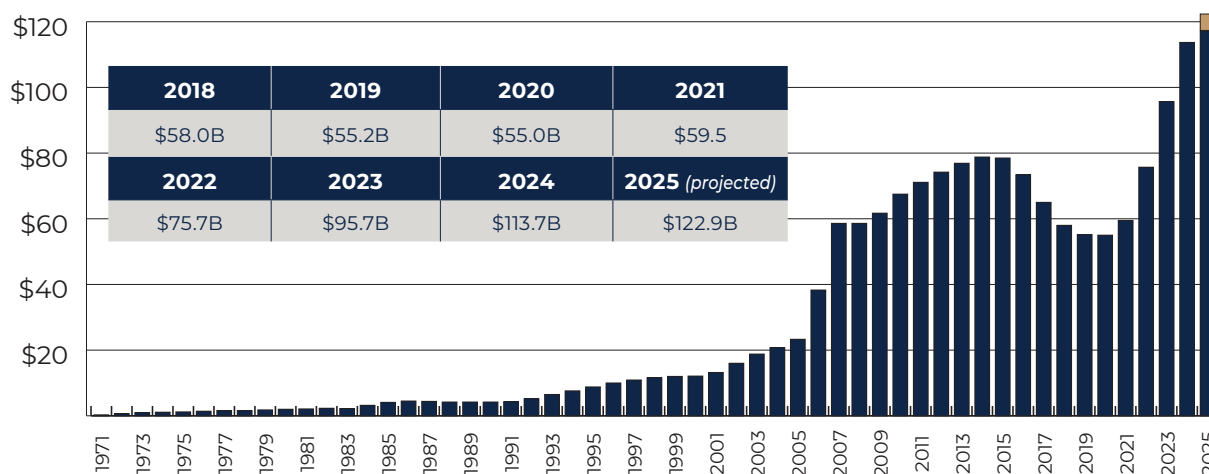
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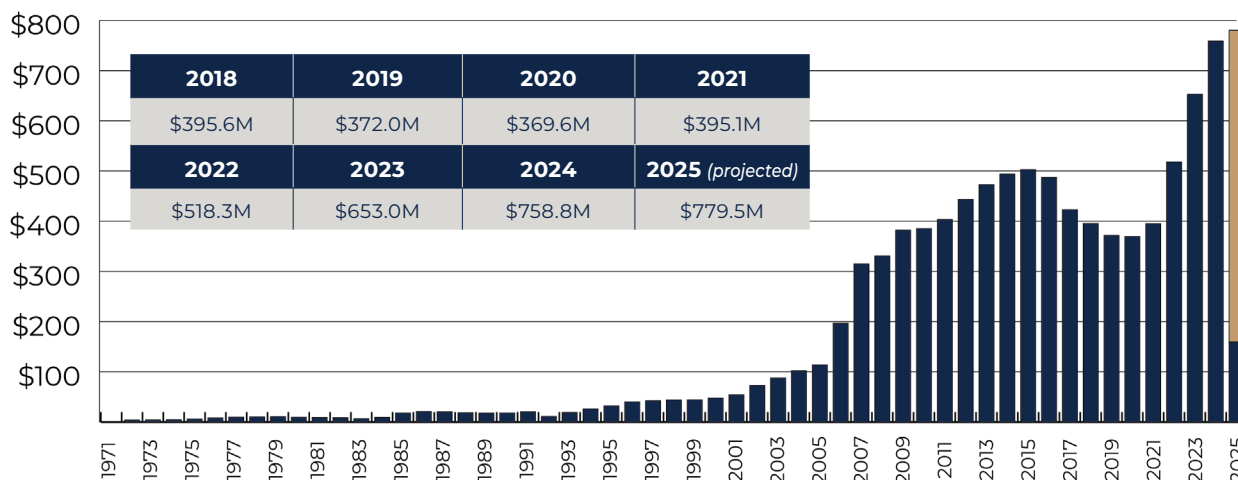
## TWIA Policy Count History



## TWIA Exposure History (in billions)



## TWIA Written Premiums History (in millions)





## Maintaining Quality and Efficiency in a Larger TWIA

Paramount to meeting TWIA's mission and vision is ensuring all eligible property owners quickly and efficiently get the insurance coverage they need to protect against damage caused by catastrophic wind and hail events.

During the period covered by this report, the Association's underwriting staff facilitated the issuance of more than 99 percent of policies within ten days of receiving the policy application and premium payment. TWIA's policy services team received nearly 401,000 calls and answered more than 90 percent within 20 seconds.

The Association's dedication to policyholder service also means that claims are handled professionally and paid promptly. Whether a claim is the result of a severe hurricane or a springtime thunderstorm, TWIA's claim staff work with policyholders to make sure they promptly receive the full payment they are entitled to under the terms of their policy.

The following statistics underscore how these efforts in claim operations ensure that policyholders quickly begin the process of recovering from damage to their home or business.

- On average, the initial inspection of damage to a covered property is conducted within three days.
- TWIA typically issues policyholder payments within 10 days of an initial claim filing.
- In 2024, less than one-quarter of one percent of TWIA claims resulted in a complaint to the Texas Department of Insurance.
- TWIA's litigation rate, including notices of intent to sue TWIA and actual lawsuits, remains low as a percentage of total claim volume, at less than one percent in 2024.

*TWIA claim adjuster field staff inspect a condominium in Port Aransas as part of an underwriting inspection. The Association employs 15 experienced claims employees in a variety of roles who live and work in TWIA's coverage area. These front-line employees are an important component of TWIA's response to catastrophic storms on the Texas coast.*



## Hurricane Beryl Response

Hurricane Beryl, which made landfall in Matagorda County on July 8, 2024, illustrates TWIA's growing role in how the Texas coast is insured for hurricanes and tropical storms. Although Beryl was a Category 1 storm – the lowest classification – it became the third-largest claim generating event in the Association's five decades of history, surpassed only by Hurricanes Ike and Harvey. The storm, with winds at landfall of 60 to 70 miles per hour, generated 16 confirmed tornadoes and caused damage across a wide swath of TWIA's designated catastrophe area. It also depleted the Association's Catastrophe Reserve Trust Fund (CRTF), which is TWIA's savings account for the payment of storm losses.

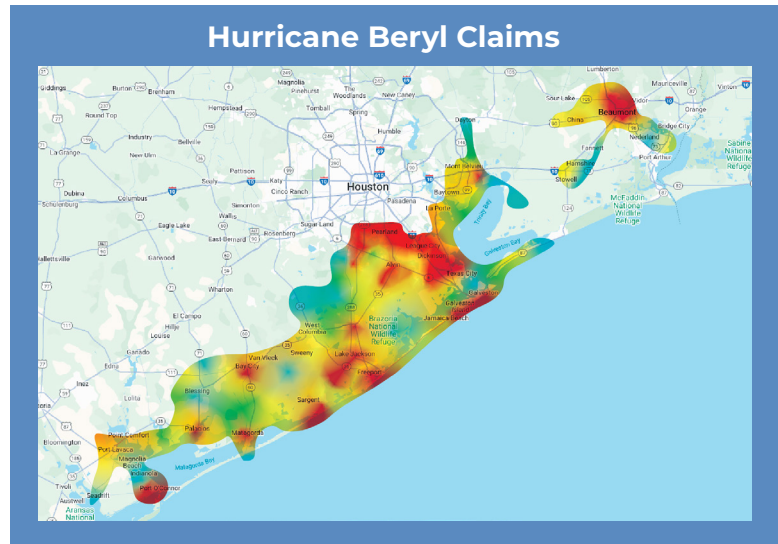
TWIA immediately executed plans to increase its capacity to receive, process, and pay claims from policyholders. This included onboarding more than 1,200 temporary field adjusters and desk examiners to process Hurricane Beryl claims.

In the weeks following Beryl's landfall, TWIA held two webinars for policyholders affected by Hurricane Beryl and their insurance agents, each drawing approximately 400 participants. Topics for the webinars included:

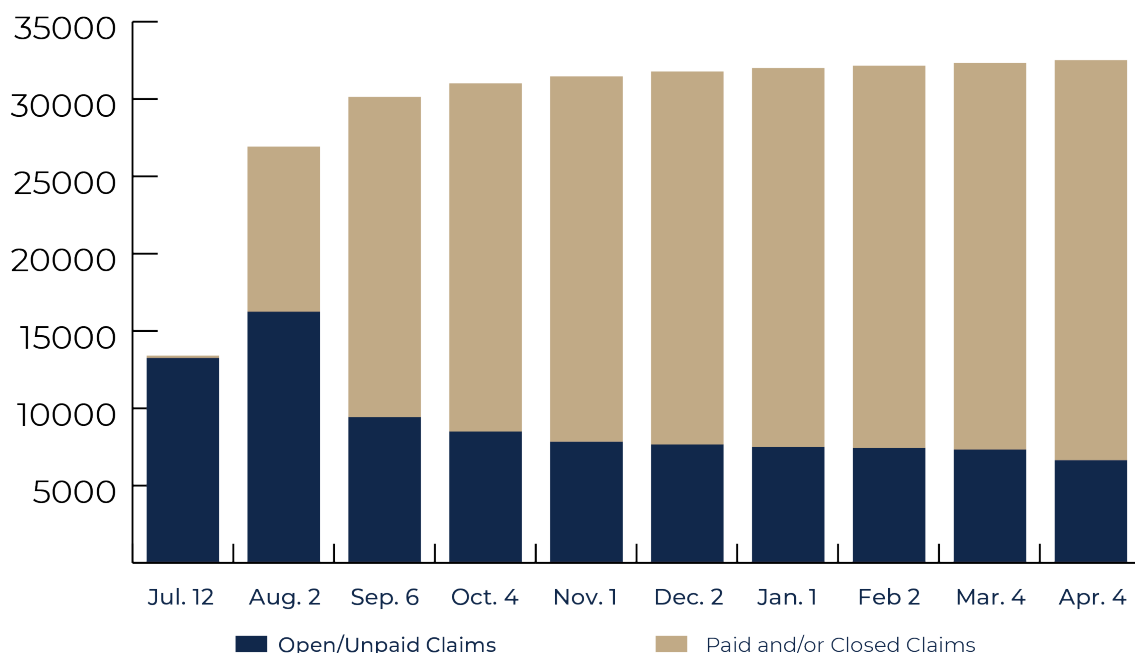
- Deductible questions and information
- How to use contractor estimates as a tool
- Tips on how to best avoid delays in a claim
- Dispute process and deadlines for disagreements with claim decisions

By Tuesday, July 9 – one day after landfall – TWIA had already begun making claim payments to policyholders. By the next week, TWIA had made more than \$6 million in claim payments.

Nearly a year after landfall, TWIA continues to receive, efficiently process, and pay claims from policyholders impacted by Beryl. As of early April 2025, TWIA has made more than \$336 million in payments on more than 32,000 claims. The Association's ultimate loss and loss adjustment expense estimate for Hurricane Beryl is \$480 million as of March 31, 2025.



**TWIA Claims Status - Hurricane Beryl**





## “Ready to Respond” Hurricane Preparedness Program

To bolster the Association’s storm response efforts, each year, TWIA undertakes a range of outreach and education efforts to help coastal residents prepare for hurricane season. The “Ready to Respond” Hurricane Preparedness Program aims to increase awareness of the role insurance plays in storm readiness and recovery, reduce hurricane-related losses, and improve the overall claims experience for policyholders.

The “Ready to Respond” program includes staff participation as speakers and panelists in virtual and in-person outreach events to provide information on TWIA policy coverage, windstorm certification requirements, and how TWIA supports catastrophe response efforts.

During the June 1, 2024, to May 31, 2025, period covered by this report, Association staff participated in the following coastal outreach and partner events:

- June 15, 2024: Brazoria County Hurricane & Disaster Preparedness Expo, Angleton, TX
- April 24, 2025: TDI’s “InsureED” TWIA Ombudsman and COAST program, Austin, TX
- May 7-8, 2025: Coastal Bend Hurricane Conference, Robstown, TX
- May 28-31, 2025: Texas Department of Emergency Management Conference, Ft. Worth, TX

TWIA has also developed and distributed a broad range of educational materials designed to support policyholders throughout the hurricane season at outreach events. In addition to storm-specific recovery pages for policyholders, TWIA’s website also includes explainer videos, printable resources, and guidance on what to expect at each step in the claim process.

*TWIA launched a dedicated “Recovery” webpage at [twia.org/recovery](https://twia.org/recovery), providing centralized access to claims guidance, FAQs, downloadable materials, and contact information for additional help.*



*TWIA Business Continuity Manager David Lawson, MCP, speaking at the Coastal Bend Hurricane Conference in May 2025.*

## A Pivotal Moment for Catastrophe Funding and Rates



TWIA's income from policyholder premiums has risen along with its policy count. Despite this increase in income, the Association's growth presents long-term financial challenges related to its catastrophe funding structure.

The catastrophe funding structure set in statute for TWIA relies heavily on high-interest debt and reinsurance. The costs of these funding mechanisms prevent TWIA from rebuilding the CRTF quickly, which is an especially urgent issue after it was effectively exhausted after paying claims for Hurricane Beryl.

The price of reinsurance has risen significantly since 2020. Because of TWIA's increasing policy count and exposures, the Association has purchased more reinsurance each year to meet its statutory funding requirement. In 2024, approximately 54% of earned premiums went to reinsurance. It is expected that roughly half of all premiums written in 2025 will be used to pay for reinsurance for this year's hurricane season.

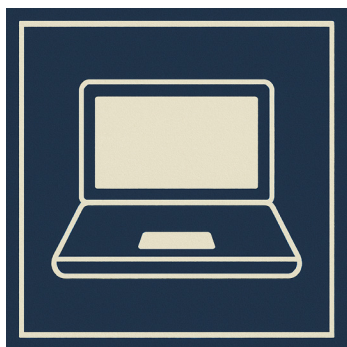
The Association's growth has also put pressure on the rates TWIA charges. The Association's 2024 Rate Adequacy Analysis found rates to be inadequate by 38% for residential policies and 45% for commercial policies.

The Board of Directors voted to file a 10% rate increase for 2025 policies at its August 2024 meeting, but the Texas Insurance Commissioner disapproved it. The Commissioner concluded that while there was a sound actuarial basis for a 10 percent rate increase, the filing did not meet the requirements of a statutory provision that applies to all insurers, including TWIA, that rates be "just" and "fair."

The Commissioner also concluded that other relevant factors needed to be considered, including the fact that the 89th Texas Legislature would have the opportunity to address TWIA's funding structure when the regular session began in 2025.

## Technology Improvements

### ***Insurance Applications Cloud Migration Project***



TWIA recently completed a major project to transition the Association's policy administration, billing, and claims systems to the cloud, using the services of an industry-leading third-party software provider. Because TWIA is a unique, named-peril carrier, this software has been customized to meet the needs of our policyholders and insurance agents.

In 2023, TWIA leadership finalized the decision to move from a system based on computer servers physically owned and maintained by TWIA to a cloud-based system. This was done to take advantage of the inherent benefits of a cloud solution. These include scalability, cost efficiency, security, and performance.

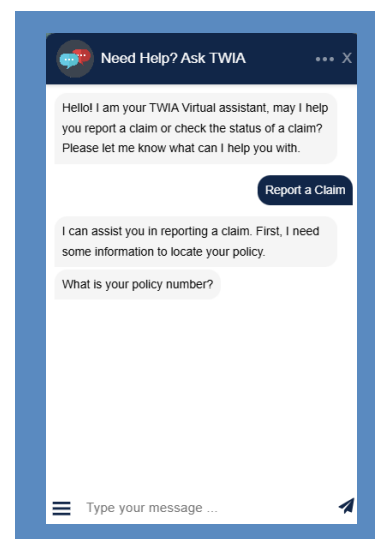
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Association staff spent much of 2024 and early 2025 moving core insurance applications, digital portals, and the enterprise data warehouse functionality to the cloud. This work included planning, designing, customizing, and testing all the components to ensure that TWIA maintained a functioning system ready to be utilized by policyholders, agents, TWIA employees, and other users. This effort was successfully rolled out over a weekend at the end of April 2025, resulting in minimal disruption of service.

### Chatbot Integration

In 2024, TWIA also debuted chatbot technology in its claim-filing process. Policyholders can use the chatbot via text or the TWIA website to file or ask questions about their claims in plain language. Receiving claims through TWIA's online systems is significantly more cost-effective than traditional processes, such as phone calls and emails.

TWIA maintains a dedicated, scalable call center for policyholders who do not wish to use online systems to file or ask questions about their claims. All claim decisions continue to be made by TWIA staff.



### Governance Changes

Texas Insurance Code Section 2210.102 provides that the TWIA Board of Directors shall consist of nine members:

- Three industry representatives from companies actively writing and renewing windstorm and hail insurance in first-tier coastal counties,
- Three public members residing in the first-tier coastal counties, and
- Three non-coastal representatives who live more than 100 miles from the Texas coast.

The current composition of the Board was established by Senate Bill 900, enacted in 2015. This law established three-year terms for each Board member and a limit of three terms for an individual's service on the Board. As a result, in 2024, four Board members who had been appointed shortly after the enactment of Senate Bill 900 reached the end of their tenures. Other members voluntarily left the Board during this period.



The Association operated during much of this reporting period with a reduced Board of five members. The Insurance Commissioner made one appointment to the Board in November 2024 and three appointments in April 2025.

With an increased level of turnover on the Board, TWIA management has strengthened the Board training program required by Texas Insurance Code Section 2210.1031. In addition to a comprehensive Board Training Manual, TWIA staff developed and delivered an improved live training presentation for the new Board members. All appointed Board members have completed the statutory training requirements.

The current composition of the Board is as follows:

Name	Position
Karen Guard (Secretary/Treasurer)	Insurance Industry Representative
Dr. Etti Baranoff	Non Seacoast Territory Representative
Tim Garrett	Non Seacoast Territory Representative
Esther Grossman	Insurance Industry Representative
Terrilyn Tarlton Shannon	First-Tier Coastal Representative
Greg Smith	First-Tier Coastal Representative
John Todd	Insurance Industry Representative
<i>Vacant</i>	First-Tier Coastal Representative
<i>Vacant</i>	Non-Seacoast Territory Representative

## Financial Accomplishments

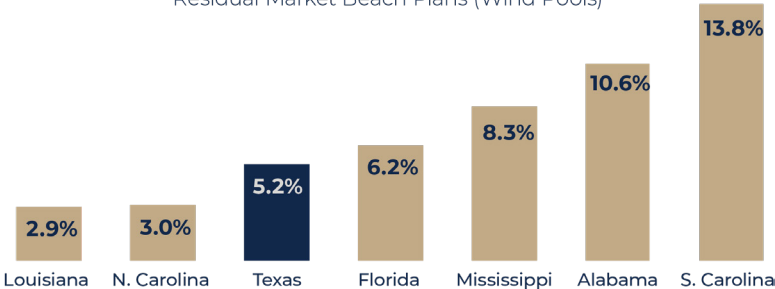
TWIA continues to manage policyholder premiums responsibly, with an emphasis on maintaining financial readiness to respond to major storms affecting the Texas coast. In 2024, TWIA's financial stewardship and operational efficiency allowed the Association to effectively pay claims related to Hurricane Beryl.

When Hurricane Beryl made landfall in July 2024, the Catastrophe Reserve Trust Fund had stood at about \$451 million, the highest level since Hurricane Harvey. This included \$156 million deposited into the Fund in the first half of 2024.

TWIA investments generated \$22.7 million in 2024 and are expected to generate \$18.3 million in 2025, an amount equal to 45 percent of the Association's 2025 budgeted operating expenses. TWIA's investment program maximizes the use of U.S. Treasury money market

### 2023 Operating Expenses as a Percent of Premium

Residual Market Beach Plans (Wind Pools)



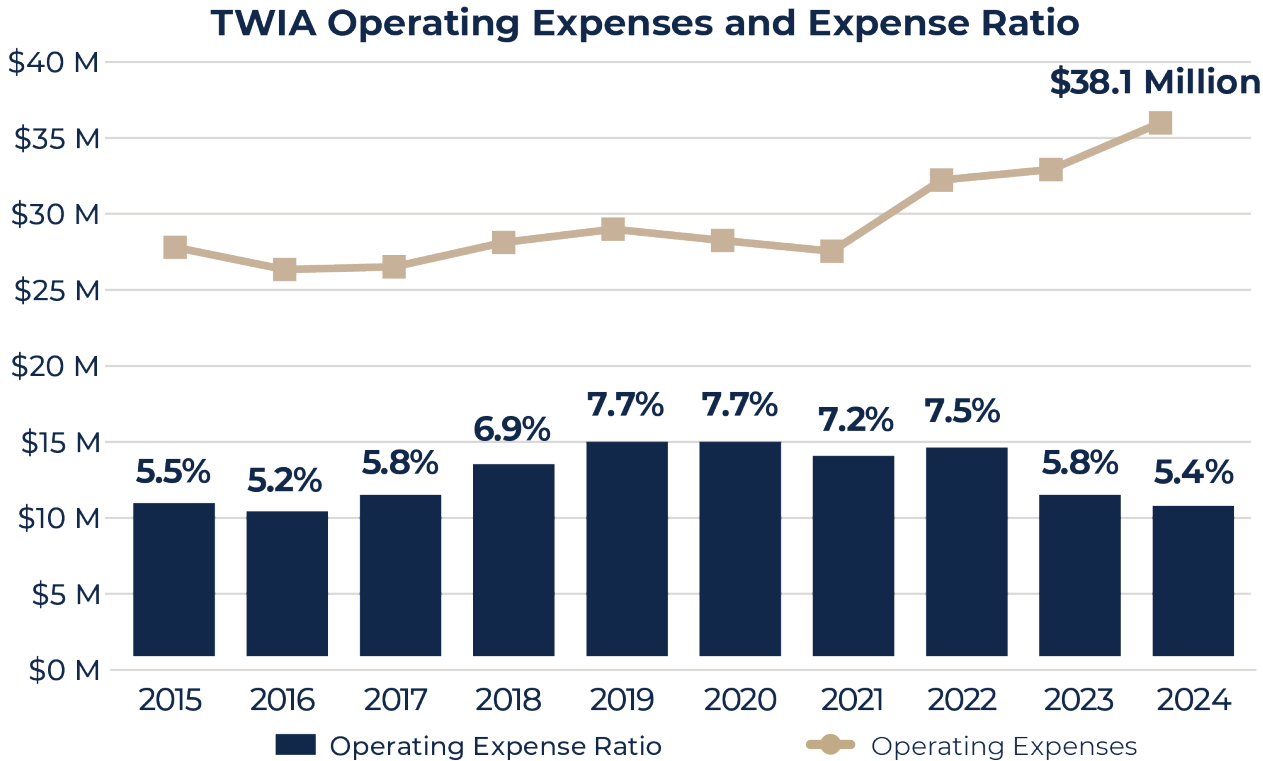
Source: Property Insurance Plans Service Office, Inc.

TWIA's operating expenses compare favorably to the 36 other residual market insurance plans in the nation. Based on 2023 data, the most recent available:

- TWIA is the third-largest residual insurance plan in terms of premium volume.
- TWIA has the third-lowest operating expense as a percentage of written premium at 5.2% (excluding commissions and premium taxes) among beach plans.

mutual funds, which are highly liquid and secure, conforming to TWIA's need for financial readiness to respond to storms. This program allowed the Association to maximize returns on policyholder dollars during the recent period of elevated interest rates set by the Federal Reserve.

TWIA kept controllable expenses under budget in 2024, with operating expenses under budget by \$2 million.



As TWIA has grown to accommodate increased demand for windstorm insurance on the Texas coast, expenses have grown to allow the Association to serve these new policyholders. However, the total percentage of premiums used for operations has declined due to TWIA management's focus on operational efficiency.

## 2025 Hurricane Season Funding

For the 2025 hurricane season, the TWIA Board of Directors established \$6.227 billion as the Association's 1:100 probable maximum loss (PML). The 1:100 PML establishes the minimum amount needed to meet TWIA's statutory funding obligation for the upcoming storm season and the amount of reinsurance the Association must purchase.

Like private-market insurers, the Association utilizes reinsurance as part of its catastrophe funding structure to ensure it has funds to pay all claims if a storm or series of storms generates losses larger than can be paid with current-year premiums and other revenue. TWIA's reinsurance program fills the gap between the Association's statutory funding sources and the total amount of coverage for losses that TWIA is required to obtain by statute.

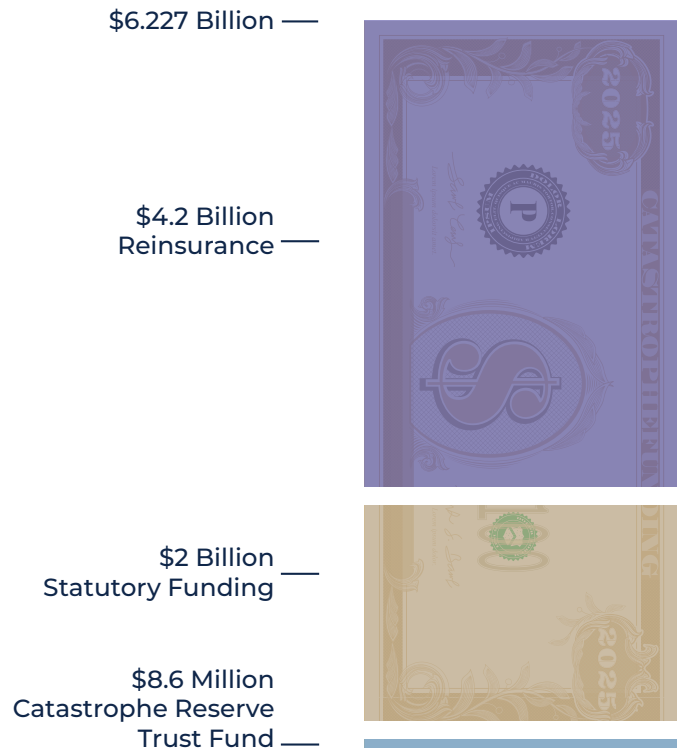


TWIA's 2025 reinsurance program, effective June 1, 2025, to May 31, 2026, provides \$4.227 billion of the total \$6.227 billion in funding. The reinsurance program includes a combination of traditional reinsurance contracts and catastrophe bonds and provides coverage on an aggregate basis, meaning multiple hurricane events would be covered under the same reinsurance program.

The 2025 reinsurance program includes:

- \$550 million in newly-issued multi-year catastrophe bonds
- \$1.9 billion in continuing multi-year catastrophe bonds (issued in prior years)
- \$1.177 billion of single-season traditional reinsurance
- \$600 million of continuing multi-year traditional reinsurance (issued in prior years)

## Total Funding for the 2025 Hurricane Season



## 88th Legislative Session Implementation: Agent Standards

The 88th Legislature enacted Senate Bill 2232 to authorize TWIA to implement requirements for insurance agents offering TWIA policies. The Association completed and implemented these requirements and performance standards in March 2025.

The Agent Requirements & Performance Standards ensure:

- Consistent understanding and expectations for all agents when doing business with TWIA.
- Accurate policy information, reducing the risk of inadequate coverage or misrepresentation.
- Minimization of errors and practices that could lead to disputes.



These standards reinforce and document the Association's guidelines and expectations for agent conduct, financial responsibilities, compliance, and legal obligations. The standards do not change how agents do business with TWIA. However, failure to meet the standards may affect an agent's ability to work with TWIA.

Insurance agents are required to acknowledge the requirements and standards as a condition of conducting business with the Association.

## 89th Legislative Session

The TWIA Board of Directors identified seven proposed legislative changes to include in the Association's Biennial Report to the 89th Texas Legislature, which was issued in August 2024. The proposed changes largely focused on reforms to ensure the long-term sustainability of TWIA's catastrophe funding structure.

For several years, the TWIA Board and the Legislature have shared the goal of finding a better way for the association to cover catastrophic storm losses. TWIA's Biennial Report provided several options for the Legislature's consideration that aimed to address the biggest issues with the Association's current funding structure and sources: the expense of issuing public securities and the increasing amount and cost of reinsurance the Association is required to buy each year to meet our statutory funding requirement.

Item	Topic	Description
1	<b>Multidistrict Litigation</b>	Eliminate or make optional TIC Section 2210.575(e) requiring actions against the Association be presided over by a judge appointed by the judicial panel on multidistrict litigation.
2	<b>Premiums Used to Pay Losses</b>	Revise TIC Section 2210.071 prohibiting the use of current year premiums to pay losses occurring in prior years.
3	<b>FORTIFIED Home Construction</b>	Consider the feasibility and possible public funding of FORTIFIED home construction and other mitigation programs.
4	<b>Premium &amp; Maintenance Tax</b>	Exempt TWIA from premium and maintenance taxes.
5	<b>Premium Financing</b>	Prohibit the use of premium financing for the payment of premiums.
6	<b>Public Security Funding</b>	Provides options to address concerns with the issuance of public securities in TWIA's funding structure.
7	<b>Reinsurance Funding</b>	Provides options to reduce the Association's reliance on reinsurance.

This legislative session, TWIA staff testified before the Senate Business & Commerce and House Insurance Committees to underscore these funding issues and how they have been exacerbated by Hurricane Beryl's impact.

This session, the Texas Legislature passed several bills impacting TWIA's funding and operations. As of the publication of this report, all of the bills are pending consideration by the Governor for signature or veto.

Two of the TWIA Board's Biennial Report recommendations were passed by the Legislature this year in bills filed by Representative Jeff Barry (Brazoria County).

**House Bill 2517** exempts TWIA and the Texas FAIR Plan Association from paying premium and maintenance taxes, allowing the Association to save several million dollars each year. These savings can be used to pay current-year storm losses or, in the case of TWIA, deposited into the CRTF for future losses.

**House Bill 2518** prohibits using premium financing to pay TWIA premiums, helping policyholders to take advantage of the Association's free installment payment options.

**House Bill 3689** (Representative Todd Hunter) replaces the three public security layers in TWIA's funding structure with a state-financed investment of up to \$1 billion repaid by surcharges on certain lines of property and casualty policies statewide. The bill maintains TWIA's CRTF as the first source of funding for catastrophic losses and groups the member company assessment layers into a single \$1 billion layer, followed by any reinsurance needed to meet the Association's probable maximum loss (PML).

Senator Mayes Middleton amended the bill in the Senate to reduce this required funding level from the current 1:100 storm season requirement to 1:50. This reduction allows the Association more flexibility in the amount of reinsurance it must purchase each year, and together with the bill's removal of the public security funding, serves to address both catastrophe funding issues highlighted by the TWIA Board in the Biennial Report.

The bill also includes another recommendation from the TWIA Board's Biennial Report to modify the statutory prohibition on using current-year premiums to pay storm losses from prior years.

**House Bill 2213** (Representative Ann Johnson) was also passed by the Legislature this session and includes changes to TWIA Board eligibility requirements. The bill allows non-coastal representatives to reside just outside TWIA's coverage area, provides for more than one licensed property and casualty agent to be appointed, specifies that industry representatives include members who actively write or sell windstorm coverage in the first tier, and requires all Board members to be residents of Texas.

Following the successful legislative session, TWIA staff will now turn to implementing these laws to ensure the Association remains ready to respond to our policyholders when they need us most.



*TWIA General Manager David Durden (top photo, left) and Vice President of Legal & Compliance Jessica Crass (below photo) testify before committees of the 89th Texas Legislature.*

# Statutory Compliance

## Issuance of Coverage, Insurable Property, and Eligibility



Texas Insurance Code Section 2210.203 authorizes the Association to issue a policy for wind and hail coverage to an insurable property upon receipt of an application from a TDI-licensed insurance agent and full or partial payment of the premium. Policies are issued for a one-year term and may be renewed annually if the property continues to be insurable property.

To be eligible for a TWIA policy, applicants for coverage must meet certain criteria defined by the Texas Legislature in Texas Insurance Code, Chapter 2210. Properties must also meet the definition of insurable property outlined in Texas Insurance Code Section 2210.004. The eligibility requirements for a TWIA policy include:

- Properties must be located in the designated catastrophe area.
- Applicants must have been denied coverage by at least one insurer in the private market.
- Properties must be certified as having been built to applicable building codes, with limited exceptions.
- Properties located in specified flood zones (V zones) that were constructed, altered, remodeled, or enlarged after September 1, 2009, and that can obtain flood insurance through the National Flood Insurance Program must provide proof of flood insurance coverage.
- Properties must be in an insurable condition as specified by the Association in the Plan of Operation.

TWIA has implemented several initiatives to ensure properties insured by the Association meet these requirements, including:

- A physical property inspection strategy,
- A quality assurance and training program,
- Agent audit processes,
- A more modern phone system, and
- An upgraded policy administration system.

At the core of these initiatives is a focus on operational efficiency in TWIA's underwriting methods. In 2024, 55,703 new business applications and 213,371 policy renewals were issued within 10 business days, and Underwriting staff answered and serviced nearly 401,000 phone calls.

As of March 31, 2025, 99.97% of policy transactions have been issued within 10 days of receiving the application and payment. Out of the 89,827 calls received during the quarter, nearly 90 percent were answered in under 20 seconds.

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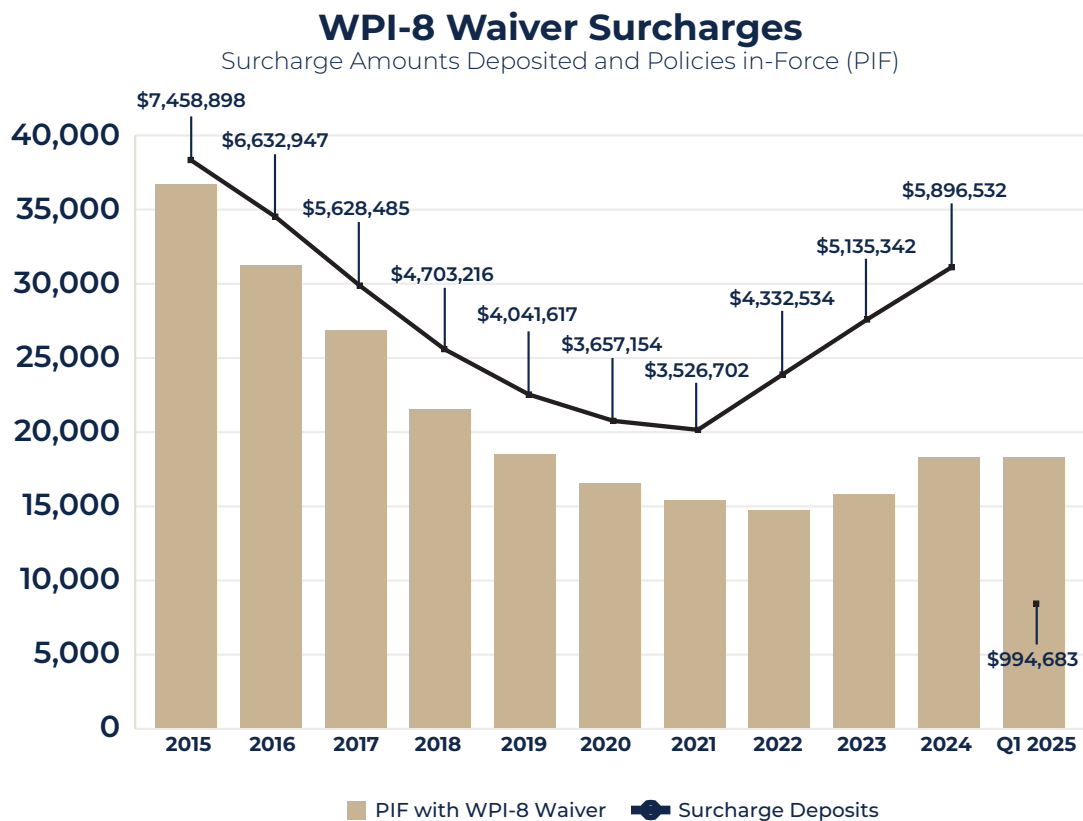
## Property Inspections for Windstorm and Hail Insurance

Texas Insurance Code Chapter 2210, Subchapter F (Sections 2210.251-2210.259), outlines the building code and property inspection requirements for TWIA eligibility and provides for limited exceptions to these requirements. TWIA requires a Certificate of Compliance (WPI-8, WPI-8-C, or WPI-8-E) for all structures constructed, altered, remodeled, enlarged, repaired, or to which additions have been made on or after January 1, 1988. TDI administers the program to verify that structures meet the applicable windstorm building codes and issues all Certificates of Compliance.

Texas law identifies some exceptions for structures lacking Certificates of Compliance:

- Residential properties with construction from 1988 to June 19, 2009, that are not certified may still be eligible and are subject to a 15% premium surcharge. These surcharges are deposited directly into the CRTF.
- Residential properties insured on/after June 19, 2009, by an insurer in the private market that are non-renewed or cancelled by the insurer and missing a required WPI-8 at the time of policy non-renewal/cancellation may be eligible for TWIA coverage.

As of March 31, 2025, there are 17,819 policies in force on the WPI-8 waiver surcharge program. This graph shows the total surcharge amounts deposited into the CRTF each year from this program:





## Annual Statement

Texas Insurance Code Section 2210.054 requires TWIA to file a financial statement annually with TDI and the State Auditor's Office summarizing the Association's transactions, conditions, operations, and affairs during the preceding year. The 2024 Annual Statement<sup>1</sup> was filed on March 3, 2025.

TWIA's financial condition and results of operations for 2024 are summarized below:

### Net Income & Operating Expenses

Description	Dec-2024 YTD Actual	Dec-2024 YTD Budget	Dec-2023 YTD Actual	Actual vs. Budget		Actual Current Yr vs Prior Yr	
				Variance \$	Variance %	Variance \$	Variance %
Net Income (Loss)	(\$462.7 M)	\$197.9 M	\$ 161.0 M	(\$ 660.6 M)	(333.8%)	(\$623.7 M)	(387.4%)
Operating Expenses	\$ 38.1 M	\$40.2 M	\$ 34.3 M	(\$2.1 M)	(5.3%)	\$3.8 M	11.2%

- Net operating expenses shown above exclude claims-related expenses, which are recorded in losses and loss adjustment expense.
- Operating expenses for 2024 were under budget by \$2.1 million due primarily to savings in personnel costs and related benefits and offset by higher than expected levels of professional and consulting services and information technology infrastructure costs.

### Direct Written Premiums & Earned Premiums

Description	Dec-2024 YTD Actual	Dec-2024 YTD Budget	Dec-2023 YTD Actual	Actual vs. Budget		Actual Current Yr vs Prior Yr	
				Variance \$	Variance %	Variance \$	Variance %
Direct Written Premiums	\$ 758.8 M	\$815.9 M	\$653.0 M	(\$57.0 M)	(7.0%)	\$105.8 M	16.2%
Direct Earned Premiums	\$709.0 M	\$743.9 M	\$589.4 M	(\$34.9 M)	(4.7%)	\$119.6 M	20.3%
Policies In-Force	272,567	264,718	247,531	7,849	3.0%	25,036	10.1%

### Reinsurance Costs

- The 2024-2025 reinsurance program was inceptioned on June 1, 2024.
- Coverage for the 2024 hurricane season consisted of \$2.1 billion of collateralized catastrophe bonds and \$1.950 billion of traditional reinsurance.
- The net cost of the reinsurance program after ceding commission was \$386.1 million.

<sup>1</sup><https://www.twia.org/wp-content/uploads/2024-TWIA-Annual-Statement.pdf>

### Direct Losses & LAE

Description	Dec-2024 YTD Actual	Dec-2024 YTD Budget	Dec-2023 YTD Actual	Actual vs. Budget		Actual Current Yr vs Prior Yr	
				Variance \$	Variance %	Variance \$	Variance %
Direct Losses & LAE	\$634.4 M	\$97.8 M	\$91.4 M	\$536.6 M	548.7%	\$543.0 M	594.4%
Loss & LAE Ratio	89.5%	13.1%	15.5%		76.3%		74.0%

- As of December 31, 2024, the ultimate loss and loss adjustment expense estimate for Hurricane Beryl is \$480 million and remains \$1.655 billion for Hurricane Harvey.

### Surplus

Description	Dec-2024 YTD Actual	Dec-2024 YTD Budget	Dec-2023 YTD Actual	Actual vs. Budget		Actual Current Yr vs Prior Yr	
				Variance \$	Variance %	Variance \$	Variance %
Surplus	(\$413.5 M)	\$49.2 M	\$45.9 M	(\$462.7 M)	(940.4%)	(\$459.4 M)	(1,001.9%)

- The Association's surplus at the beginning of 2024 was \$45.9 million.
- It was reduced to a deficit of \$413.5 million as of December 31, 2024, due to a net loss of \$462.7 million from Hurricane Beryl and spring storm losses.



The below statutory balance sheet reflects the financial position of TWIA as of March 31, 2025, compared to December 31, 2024.

### Statutory Balance Sheet (In 000s)

	March-25	December-24	
<b>Admitted Assets</b>			
Cash and short term investments:			
Unrestricted	\$ 650,631	\$ 261,866	
Restricted - Funds Held at TTSTC	0	0	
Restricted - Funds Held at TTSTC (Non Admitted)	0	0	
Total cash and short term investments	650,631	261,866	
Premiums receivable & other	54,015	57,786	
Assessment receivable	0	0	
Amounts recoverable from reinsurers	0	0	
<b>Total admitted assets</b>	<b>\$ 704,646</b>	<b>\$ 319,652</b>	
<b>Liabilities, Surplus and other funds</b>			
<b>Liabilities:</b>			
Loss and Loss adjustment expenses	116,074	161,475	
Underwriting expenses payable	16,170	18,521	
Unearned premiums, net of ceded unearned premiums	362,698	390,888	
Ceded reinsurance premiums payable	0	143,271	
Short Term Debt	0	0	
Interest Payable on Short Term Debt	0	0	
Principal Outstanding on Class 1 Pre Event Bonds	0	0	
Interest Payable on Class 1 Pre Event Bonds	0	0	
Provision for reinsurance	0	0	
Other payables	27,949	19,007	
Statutory fund payable	16,416	0	
<b>Total liabilities</b>	<b>539,308</b>	<b>733,163</b>	
<b>Surplus and other funds</b>			
Unassigned surplus (deficit)	165,338	(413,511)	
<b>Total liabilities, surplus and other funds</b>	<b>\$ 704,646</b>	<b>\$ 319,652</b>	
<b>Balance in CRTF</b>	<b>\$ 8,426</b>	<b>\$ 466,330</b>	
<b>Balance in CRTF including Statutory fund payable</b>	<b>\$ 24,842</b>	<b>\$ 466,330</b>	

The statutory income statement below compares actual and budgeted revenues and expenses as of March 31, 2025, and March 31, 2024, respectively.

### Statutory Income Statement (In 000s)

For the three months ended March 31,				
	Actuals - 2025	Budget - 2025	Variance - 2025	Actuals - 2024
<b>Premiums Written:</b>				
Direct	\$ 160,308	156,244	\$ 4,064	\$ 139,466
Ceded	0	0	0	0
Ceded - Depopulation	0	0	0	0
Net	160,308	156,244	4,064	139,466
<b>Premiums Earned:</b>				
Direct	\$ 188,498	188,512	\$ (14)	\$ 164,151
Ceded	0	0	0	0
Ceded - Depopulation	0	0	0	0
Net	188,498	188,512	(14)	164,151
<b>Deductions:</b>				
Direct Losses and LAE Incurred	\$ 13,232	\$ 31,974	\$ (18,742)	59,589
Direct Losses and LAE Incurred - Harvey	0	0	0	0
Direct Losses and LAE Incurred - Beryl	0	0	0	0
Ceded Losses and LAE Incurred - Depopulation	0	0	0	0
Operating Expenses	9,680	10,696	(1,016)	9,681
Commission Expense	25,655	24,999	656	22,293
Ceding commissions / brokerage	0	0	0	0
Ceding commissions / brokerage - Depopulation	0	0	0	0
Premium / Maintenance Tax	2,794	2,851	(58)	2,435
Total Deductions	51,361	70,521	(19,159)	93,998
<b>Net Underwriting Gain or (Loss)</b>	137,137	117,991	19,146	70,153
<b>Other Income or (Expense):</b>				
Gross Investment Income	\$ 3,157	1,690	\$ 1,467	7,879
Debt Issuance/Maintenance Fees & Other Investment Expenses	(21)	(26)	4	(10)
Line of Credit Fees	0	0	0	0
Premium Charge offs/Write offs	(1)	0	(1)	0
Billing Fees	0	0	0	0
Miscellaneous Income (Expense)	0	0	0	0
Total Other Income or (Expense)	3,135	1,665	1,470	7,869
<b>Net Income (Loss)</b>	\$ 140,272	\$ 119,656	\$ 20,616	\$ 78,021

## Rates

Texas Insurance Code Section 2210.352 requires TWIA to make an annual rate filing with TDI by August 15 of each year. The amount of the annual rate filing is set by the TWIA Board of Directors, who consider the Association's current rate needs along with feedback from key stakeholders.

Association rates affect the amount of premium charged to each TWIA policyholder. Texas Insurance Code Section 2210.355 requires that the Association's rates be reasonable, adequate, not unfairly discriminatory, and non-confiscatory as to any class of insurer. Texas Insurance Code Section 560.002 also requires that all insurance carriers' rates be "just" and "fair."

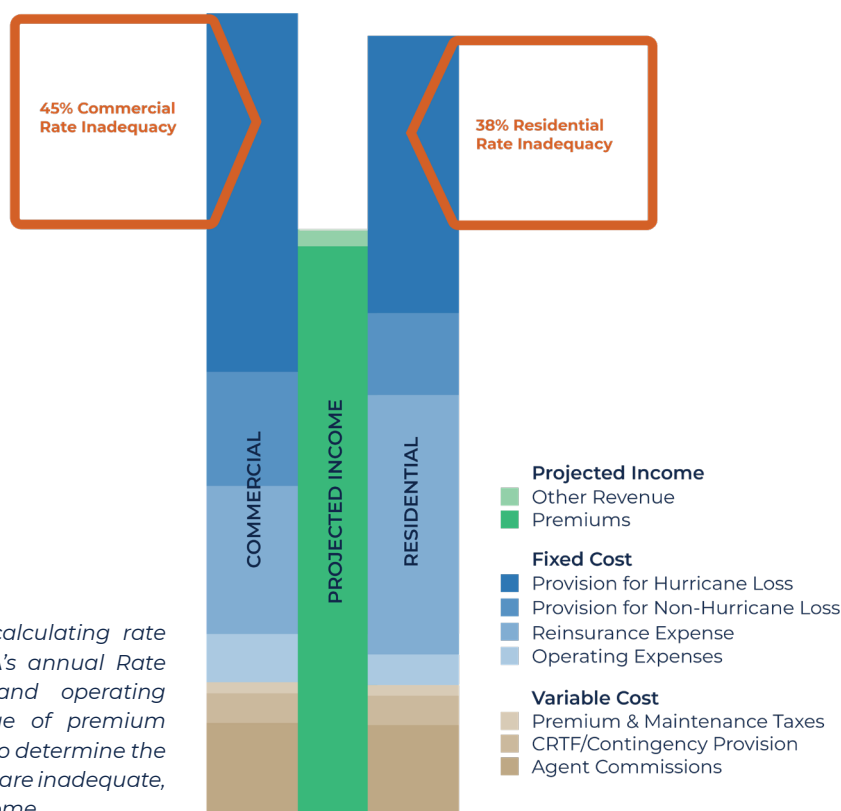
TWIA's actuarial staff conducts an annual rate adequacy analysis using standard actuarial industry methodologies to compare TWIA's current rate level to the expected costs for providing property insurance coverage for the upcoming year.

TWIA's 2024 actuarial analysis found the Association's rates to be inadequate by 38% for residential policies and 45% for commercial policies.

Texas Insurance Code Section 2210.3511 requires that TWIA post its rate adequacy analysis<sup>2</sup> on its website at least 14 days before the TWIA Board of Directors votes on the submission of a proposed rate filing to TDI and requires public comments on the rate adequacy analysis to be heard at a public meeting of the Board before they vote on the submission of a proposed rate filing to TDI. The Board must vote by a two-thirds majority to submit a filing for a rate increase. All rate increase filings are subject to review and approval by the Commissioner of Insurance.

### Commercial and Residential Rate Components and TWIA Income

Based on 2024 TWIA Rate Adequacy Analysis



*TWIA considers several factors when calculating rate adequacy, as outlined in statute. TWIA's annual Rate Adequacy Analysis projects losses and operating expenses compared to the percentage of premium remaining after commissions and taxes to determine the Association's rate need. When TWIA rates are inadequate, projected costs will exceed projected income.*

2. <https://www.twia.org/about-us/financial-reports/2024-rate-adequacy-analysis/>



## Maximum Limits of Liability

Texas Insurance Code Chapter 2210, Subchapter K (Sections 2210.501-2210.504) requires TWIA to propose inflation adjustments to the maximum liability limits under a windstorm and hail policy with TDI by September 30 each year. TWIA files annual updates to the maximum liability limits based on changes in construction cost indices.

At its August 2024 meeting, the TWIA Board of Directors voted to approve the submission of staff's recommended maximum liability limits changes to TDI. Subsequently, the Insurance Commissioner disapproved TWIA's proposed increases to the maximum liability limits for the following policy types:

- Dwellings and individually owned townhouses and their contents (proposed \$1,788,000);
- Contents of an apartment, condominium, or townhouse (proposed \$379,000); and
- Commercial and governmental structures and their contents (proposed \$4,444,000).

TWIA's proposed 0.8% increase to the maximum liability limits for manufactured homes was approved.

TWIA's current maximum liability limits are as follows:



## Catastrophe (CAT) Incident Response Plan

Texas Insurance Code Section 2210.455 requires TWIA to submit a catastrophe plan to the Insurance Commissioner, the Governor, and members of the legislature on or before June 1 of each year. The plan must outline how TWIA will respond to storm scenarios with a 1%, 2%, and 4% chance of occurring during the period beginning on the date the plan is submitted and ending on the following May 31.

TWIA's Catastrophe (CAT) Incident Response Plan describes the activities the Association will conduct in preparation for and response to a catastrophic incident while also meeting the requirements of Chapter 2210.

The Association reviews the CAT Plan annually, using a Corrective Action Program designed to identify gaps and lessons learned from previous events in the previous year's CAT Plan. The Association produces After-Action Reports, which include recommendations to improve the CAT Plan and methods for replicating past successes.

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TWIA's 2025 CAT Plan<sup>3</sup> incorporates lessons learned from the Association's response to 2024 storm and hurricane events. Improvements to the 2025 CAT Plan include :

- An updated Resource Scalability Model based on the Association's experience responding to Hurricane Beryl, and which includes resources needed to account for Texas FAIR Plan Association claims.
- Updated objectives for the Slab Claim Evaluation Program (Texas Insurance Code, Section 2210.578) to ensure clear communication about projected claims, establish better coordination with program vendors, and improve awareness and communications about the program with stakeholders.
- Improvements to the Association's claims administration system to facilitate easier assignment of multiple claims to the appropriate claim examiner teams.
- New departmental Key Performance Indicator metrics to better track the progress and quality of the Association's storm response.
- Implementation of technical upgrades to allow claim employees to more easily and quickly access the Association's core claims administration systems.



### ***CAT Plan Testing and Activation***

Since the statutory requirement was implemented in 2012, TWIA has activated the CAT Plan 26 times. This allows the Association to begin scaling up claim personnel resources in response to wind and hail events impacting the Texas coast. The CAT Plan was most recently activated in response to Hurricane Beryl, which impacted TWIA policyholders throughout the Association's designated coverage area.

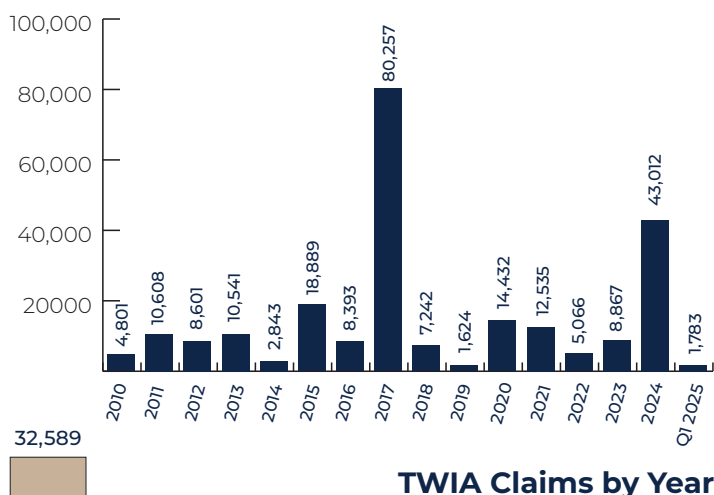
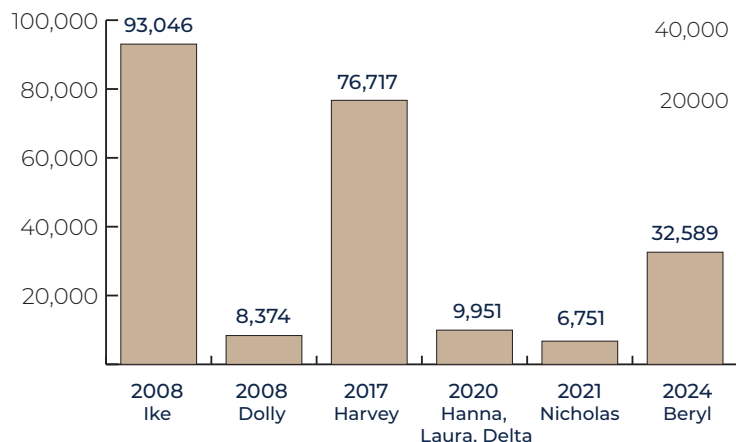
To prepare for CAT Plan activation, the Association has conducted annual testing, training, and exercises for the past five years, focusing on all CAT Plan and response elements. Testing, training, and exercises have been developed for staff deployments, claims processes and procedures, cross-departmental communication, and technology to improve overall readiness throughout the organization. To support this and to ensure continuous improvement, the Association developed a Multi-Year Strategic Testing and Exercise Plan (MYSTEP) for 2025 through 2028.

Historical TWIA claim volume for the past 15 years and 2025 year to date is reported in the following charts:

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3. <https://www.twia.org/wp-content/uploads/2025-TWIA-and-TFPA-Catastrophe-Incident-Response-Plan.pdf>

### TWIA Claims by Storm



In 2024, the Association experienced significant spring storm activity and Hurricane Beryl, which made landfall July 8 as a Category 1 storm. These events generated a large volume of claims for the year. TWIA received 43,012 claims total in 2024.

### Claim Settlement and Dispute Resolution

Texas Insurance Code Chapter 2210, Subchapter L-1 (Sections 2210.571-2210.582) outlines the process for claims decisions and payments and the judicial remedies available to TWIA policyholders to resolve disputes arising over the amount of a loss or coverage of damages.

TWIA claims are not subject to Chapters 541 (Unfair Settlement Practices) and 542 (Prompt Payment of Claims Act) or Business Commerce Code Chapter 17 (Deceptive Trade Practices Act).

The claim dispute remedies available to TWIA policyholders include:

- **Accepted Claims:** If a policyholder disputes the amount TWIA will pay for an accepted loss, the policyholder must work with TWIA to resolve any disputes or request appraisal.
  - Policyholders have 60 days after receiving TWIA's claim decision to request appraisal.
- **Denied Claims:** If a policyholder disputes TWIA's decision to partially or fully deny coverage for a claim, they must provide notification that they intend to bring suit against TWIA.
  - The policyholder has two years after receipt of a claim decision to notify TWIA of their intent to file suit.
- **Supplemental Payments:** TWIA also offers a supplemental payment process, which allows policyholders to provide TWIA with new information about their claim so the Association may re-evaluate the claim decision for the purposes of issuing additional payment.
  - Policyholders do not have to engage in the appraisal process or file a lawsuit to request a supplemental payment.

Texas Insurance Code Section 2210.582 established an Ombudsman Program to assist TWIA policyholders in understanding and navigating the claims process. The Ombudsman Program

is funded by TWIA and operated by TDI through a Coastal Outreach and Assistance Services Team (COAST) Program. TWIA's claims correspondence and website include information about the COAST Program.

TWIA maintains a low claim dispute ratio. The following tables outline data regarding 2024 claim disputes.

#### TWIA - 2024 All Disputed Claims

Dispute Frequency			Type of Dispute		
Total Claims	Disputed Claims	% of Disputed Claims	Appraisals	Notice of Intent	Suits
43,012	499	1.16%	318	189	6

#### TWIA - 2024 Disputed Claims with Appraisal Invoked Total Appraisals: 318

Open/Pending	Appraisal Complete	Appraisal Process Stopped	
Active	Awarded	Withdrawn	Ineligible
265	27	17	9

#### TWIA - 2024 Claims with Notice of Intent or Lawsuit Served

Total Notice of Intent / Suit	Notices of Intent Received	Notices of Intent Resolved	Lawsuits Received	Lawsuits Resolved
195	189	22	6	0

## Catastrophe Funding

Texas Insurance Code Chapter 2210 outlines the funding structure used to pay TWIA's insured losses and operating expenses. TWIA's statutory funding sources provide a combination of public securities and member company assessments and require total funding in an amount not less than the probable maximum loss for the Association for a catastrophe year with a probability of one in 100.

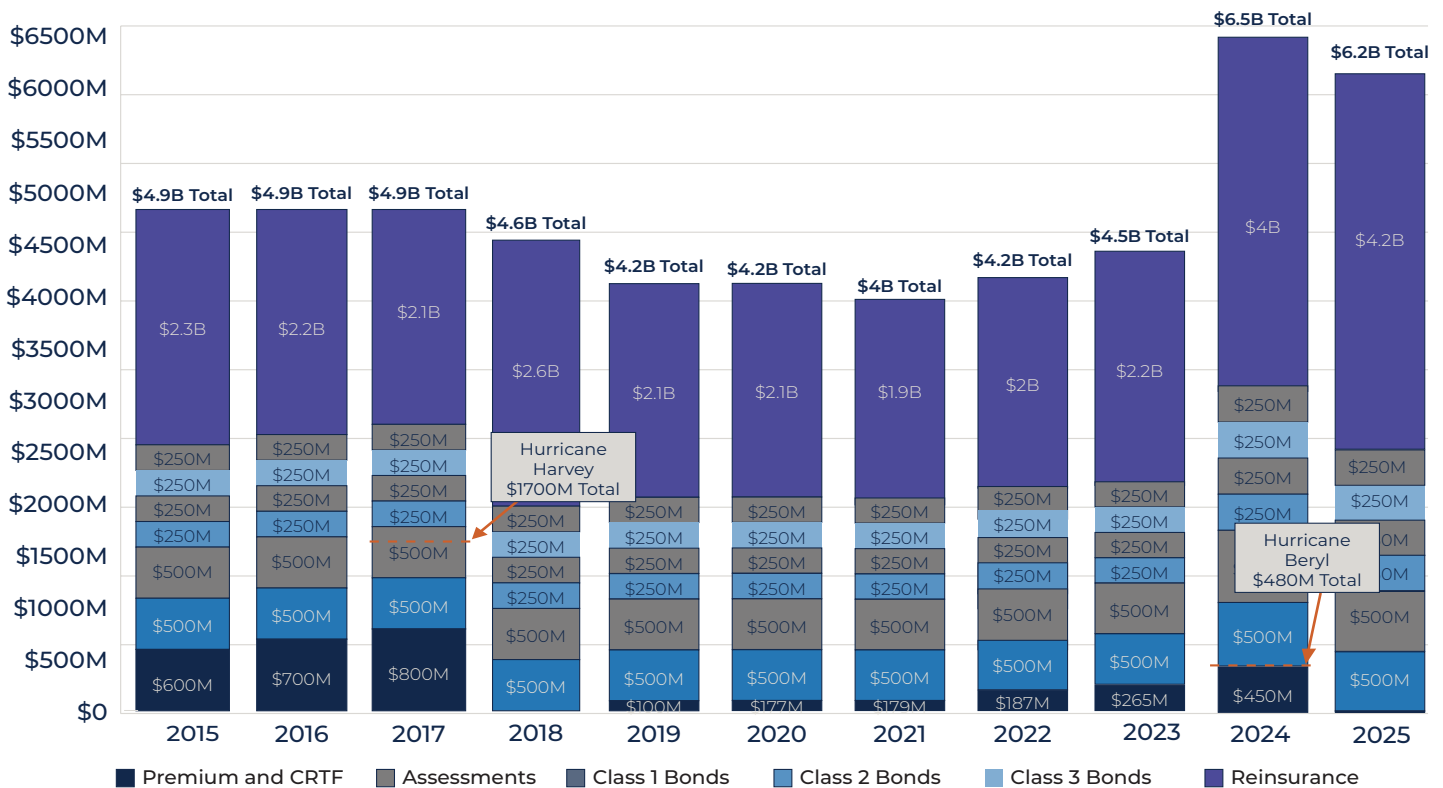
Texas Insurance Code Chapter 2210, Subchapter B-1 (Sections 2210.071-2210.075) describes the different sources of funding available to pay TWIA losses. Those sources and the order in which they are used are:

- TWIA premiums and other revenue
- Available reserves and amounts in the Catastrophe Reserve Trust Fund (CRTF)
- Up to \$500 million in Class 1 public securities
- Up to \$500 million in Class 1 assessments on TWIA member companies
- Up to \$250 million in Class 2 public securities
- Up to \$250 million in Class 2 assessments on TWIA member companies
- Up to \$250 million in Class 3 public securities
- Up to \$250 million in Class 3 assessments on TWIA member companies
- Reinsurance or alternative risk financing in an amount sufficient to achieve total funding not less than a 100-year hurricane season

All classes of public securities are backed by TWIA revenues and are not obligations of the State of Texas.

- Class 1, 2, and 3 public securities are repaid by TWIA premiums and other revenues, and, if premiums and all other revenues are not sufficient, surcharges on TWIA policies.
- Class 2 and 3 public securities, after a finding by the Commissioner of Insurance, may also be repaid by surcharges on coastal property and auto insurance policies that insure property and automobiles located in the catastrophe area.

A historical comparison of TWIA's catastrophe funding since 2015 is below:





## Rulemaking Authority and Plan of Operation

Texas Insurance Code Section 2210.008 provides the Commissioner of Insurance with general rulemaking authority to issue any orders necessary to implement Chapter 2210.

The following new rules related to the Association were proposed or adopted during the reporting period (June 1, 2024, to May 31, 2025).

### TDI Proposed and Adopted Rules

#### Chapter 5. Property and Casualty Insurance Subchapter E. Texas Windstorm Insurance Association Division 4. Consumer Assistance; Claim Processes

Section Number	Proposal Filed	Proposal Published	Adoption Filed	Adoption Published <sup>4</sup>	Effective Date
<b>§5.4215 and §5.4233</b>	<b>5/24/2024</b>	<b>6/14/2024</b>	<b>8/20/2024</b>	<b>9/6/2024</b>	<b>9/8/2024</b>

*Adopts amendments concerning updates to umpire and mediator roster application forms.*

#### Chapter 5. Property and Casualty Insurance Subchapter E. Texas Windstorm Insurance Association Division 10. Eligibility and Forms

Section Number	Proposal Filed	Proposal Published	Adoption Filed	Adoption Published <sup>5</sup>	Effective Date
<b>§5.4905</b>	<b>8/2/2024</b>	<b>8/16/2024</b>	<b>12/19/2024</b>	<b>1/3/2025</b>	<b>1/7/2025</b>

*Adopts a nonsubstantive change to amendments concerning minimum retained premium.*

Texas Insurance Code Sections 2210.151-2210.153 provide that, with the assistance of the TWIA Board of Directors, the Commissioner of Insurance will adopt a plan of operation to provide windstorm and hail insurance in the catastrophe areas by administrative rule. The Plan of Operation is in the Texas Administrative Code, Title 28, Chapter 5, Subchapter E.

The TWIA Board may recommend changes to the Plan of Operation, and the Association may propose rules for the Insurance Commissioner to adopt. TDI, with assistance from TWIA, is currently undertaking a review and revision of the Plan of Operation to implement legislative changes from past sessions and remove outdated information.

## Standards of Conduct

Pursuant to Texas Insurance Code Sections 2210.012 and 2210.013, TWIA developed and implemented a comprehensive Business Ethics and Conflict of Interest Policy ("Ethics Policy") to outline the standards of conflict required of the TWIA Board of Directors, Association employees, and contractors, and to ensure compliance with prohibited contracts and employment relationships.

TWIA requires the Board of Directors and Association employees to review and acknowledge the Ethics Policy annually and to disclose certain relationships and the offer or acceptance

4. <https://www.tdi.texas.gov/rules/2024/documents/54215order.pdf>

5. <https://www.tdi.texas.gov/rules/2024/documents/20249040.pdf>

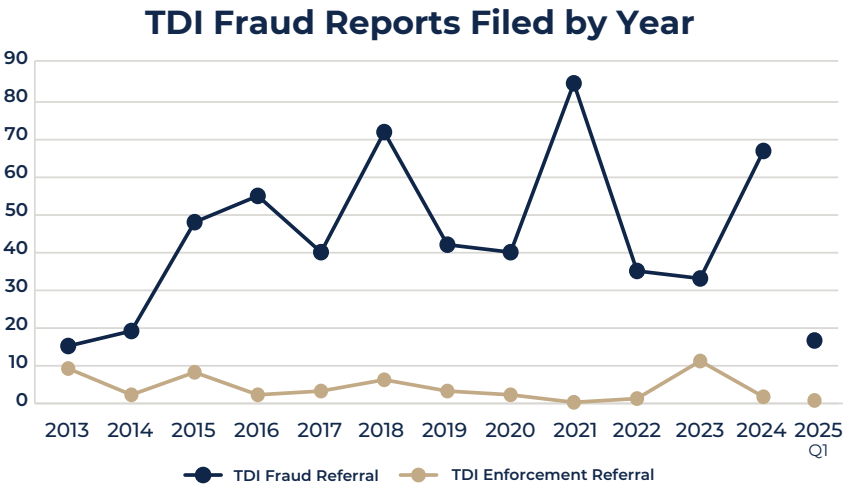
of gifts. The Association also maintains a Whistleblower hotline to allow for the anonymous reporting of ethics and compliance-related concerns.

### Fraud and Enforcement Reporting

Texas Insurance Code Section 2210.012 requires Board members and Association employees to report the reasonable suspicion of a fraudulent insurance act by an individual affiliated with the Association no later than 30 days after discovering the conduct. The report must be made to TDI and include a description of the conduct and the identity of the person engaging in the conduct. TDI may report the conduct and the identity of the person engaging in the conduct to another authorized governmental agency.

TWIA has implemented certain initiatives to ensure compliance with Texas Insurance Code provisions related to insurance fraud. The Association's Special Investigation program for claims uses an experienced investigation firm, Veracity Research Company Investigations. The program includes mandatory and recommended Special Investigations Unit (SIU) referral guidelines based on industry standards and best practices. TWIA's SIU program tracks referral rates, results, and reports made to TDI's Fraud Intake Unit. Occasionally, after TWIA reports an individual or entity to TDI for suspicious activity, the Association may receive a request for additional information to aid in an investigation. These Enforcement requests are typically received from the TDI Enforcement Division or other law enforcement agencies, such as the Fire Marshal's Office. The requested evidence is gathered internally, and submitted to TDI or other law enforcement agency within a 15-day deadline.

The following chart shows the number of fraud investigations and reports submitted to TDI since 2013. As of March 31, 2025, the Association has submitted 16 fraud and 0 enforcement reports to TDI.



### Open Meetings and Open Records

Pursuant to Texas Insurance Code Section 2210.108, the Association is subject to Government Code Chapters 551 (Open Meetings Act) and 552 (Public Information Act).

The Association continues to meet the requirements of the Open Meetings Act and the relevant sections of Texas Insurance Code Chapter 2210 related to TWIA Board of Directors meetings by complying with posting requirements for Board and subcommittee meetings,

facilitating live broadcasting of the meetings, and archiving the meetings for later viewing on the Association website.

The following meetings of the TWIA Board of Directors and its subcommittees occurred during the reporting period (June 1, 2024, to May 31, 2025):

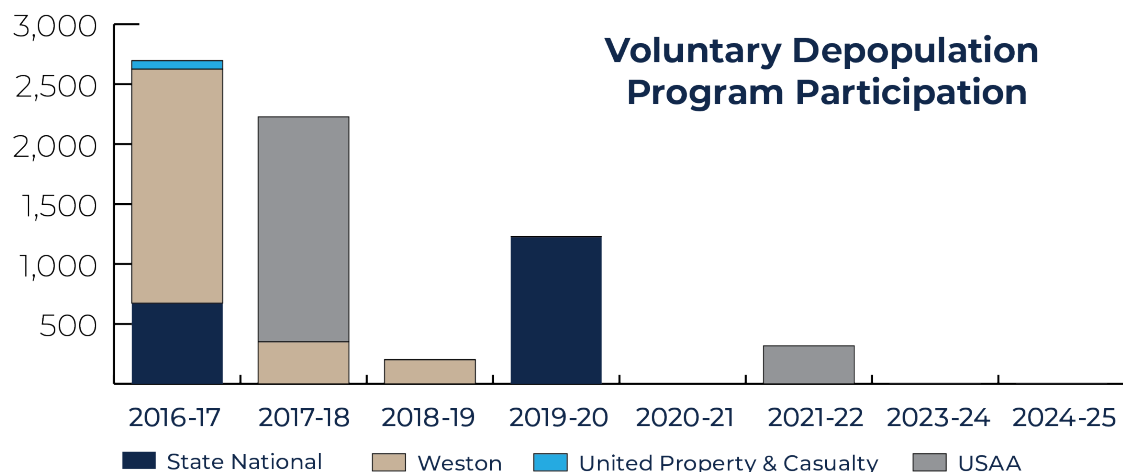
Date	Meeting	Location
July 2, 2024	Legislative & External Affairs Committee	Virtual
July 15, 2024	Actual & Underwriting Committee	Virtual
August 6, 2024	TWIA Board of Directors	Galveston, TX
November 13, 2024	TWIA Board of Directors	Virtual
December 10, 2024	TWIA Board of Directors	Corpus Christi, TX
February 25, 2025	TWIA Board of Directors	Galveston, TX
May 6, 2025	TWIA Board of Directors	Austin, TX

TWIA receives and responds to requests in accordance with the Public Information Act. From June 1, 2024, through March 31, 2025, TWIA received 12 open records requests. All requests were handled and completed in compliance with the Public Information Act.

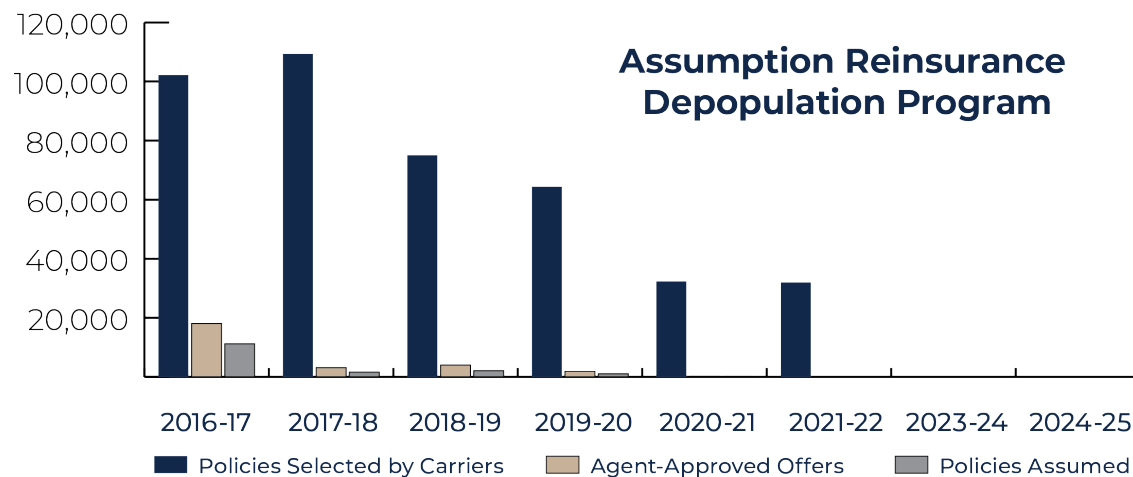
## Depopulation Program

Texas Insurance Code Chapter 2210, Subchapter O (Sections 2210.701-2210.705) authorizes TWIA to administer a depopulation program that encourages the transfer of Association policies to insurers through the voluntary market or assumption reinsurance.

- The **Voluntary Market Depopulation Program** allows participating insurers to make offers on TWIA policies one at a time at policy renewal. The policyholder or their agent may accept or reject any offer.
  - Since it was authorized in 2015, four insurance carriers have participated in TWIA's Voluntary Market Depopulation Program, resulting in 4,854 policies bound through the program.
  - No policies have been bound through the program since 2022.



- The **Assumption Reinsurance Depopulation Program** allows participating insurers to make offers on large numbers of TWIA policies through an annual program. Agents can approve or reject any offers and policyholders can elect to opt out of the depopulation process or have their TWIA policy assumed by or transferred to the participating insurer.
  - TWIA has completed six rounds of the Assumption Reinsurance Depopulation Program, resulting in the transfer of 16,051 policies to participating insurers through the program.
  - The last active round of the program occurred between 2022 and 2023, with no insurance carriers submitting applications to participate in additional rounds of the program.



## Annual Evaluation of Association Management



The fifth objective outlined in Texas Insurance Code Section 2210.107(a) is to establish and adhere to the terms of an annual evaluation of Association management necessary to achieve the statutory purpose, Board objectives, and any performance or enterprise risk management objectives established by the Board.

TWIA staff are evaluated against a set of performance standards established for each position, including objective performance measures based on their department and individual roles. Department heads are accountable for their department's budget and are evaluated against the extent to which objective performance measures established for the department are met. Performance evaluation documents reflect these areas of accountability.

The Association has established risk management objectives in the form of business continuity planning, catastrophe response planning, reinsurance, and other funding mechanisms to effectively manage the organization's financial and human resources and meet its established purpose.