

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

February 20, 2024  
Moody Gardens Hotel  
7 Hope Blvd.  
Galveston, TX  
9:00 a.m.



TEXAS WINDSTORM  
INSURANCE ASSOCIATION

Interested parties can listen to the meeting live by going to [www.twia.org](http://www.twia.org).  
Go to “About Us/Board Meetings” and access the video conferencing website with  
instructions available on [www.twia.org](http://www.twia.org).

Interested parties may attend the meeting and offer public comment in  
person at the Moody Gardens Hotel or virtually via Zoom Webinar.

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

1. Call to Order 5 minutes
  - A. Welcoming Remarks – *Chandra Franklin Womack*
  - B. Anti-Trust Statement and Conflict of Interest Disclosure – *Counsel*
  - C. Meeting Format Information – *Kristina Donley*
  
2. Approve the Minutes from Prior Board of Directors Meeting 5 minutes  
– *Chandra Franklin Womack* – **Action/Vote Likely\***
  
3. Public Comment 30 minutes
  
4. TWIA Operational Dashboard – *David Durden* 5 minutes
  
5. Financial 20 minutes
  - A. Report of the Secretary/Treasurer – *Karen Guard* – **Action/Vote Likely\***
    1. Income Statement
    2. Management Discussion and Analysis
  - B. Financial Statement Review by Staff – *Stuart Harbour*
    1. Income Statement and Expense Statement
    2. Balance Sheet
    3. Cash & Short-Term Investments
    4. Cash Flow Statement
    5. Historical Data
  
6. Actuarial 40 minutes
  - A. Reserve Adequacy – *Jim Murphy*
  - B. Policy Count/Exposures – *Jim Murphy*
  - C. Receive Report and Recommendations from the February 13, 2024  
Meeting of the Actuarial and Underwriting Committee – *David Durden*

- D. Determination of 2024 Funding; Including Aon Modeling Update, Reinsurance Procurement And Determination of Probable Maximum Loss for a Catastrophe Year with a Probability of 1 in 100 – *David Durden* – **Action/Vote Likely\***
  - E. Overview of 2024 Funding Plans and Reinsurer Panel Review – *Jim Murphy*
  - F. Appointed Actuary Qualification Documentation – *Jim Murphy*
7. Internal Audit Status & Update – *Bruce Zaret – Weaver* *15 minutes*
  8. Underwriting *10 minutes*
    - A. Operational Review Update – *Michael Ledwik*
    - B. Premium Financing Update – *Jessica Crass/Michael Ledwik*
  9. Claims *20 minutes*
    - A. Claims Operations – Overview – *Dave Williams*
    - B. Litigation Summary – *Jessica Crass*
  10. TWIA Operations *30 minutes*
    - A. IT Systems Update – *Camron Malik*
    - B. Communications and Legislative Affairs Update – *David Durden*
    - C. Review of ITS Recommendations – *David Durden*
  11. Closed Session (**Board Only**) *20 minutes*
    - A. Personnel Issues
    - B. Legal Advice
  12. Matters Deliberated in Closed Session That May Require Action, if any, of the Board of Directors – **Action/Vote Likely\*** *5 minutes*
  13. Actuarial and Underwriting Committee Vacancies *20 minutes*  
– *Chandra Franklin Womack* – **Action/Vote Likely\***
  14. Future Meetings – *David Durden* *5 minutes*
    - May 7, 2024 – Hyatt Regency – Austin
    - August 6, 2024 – Tremont House – Galveston
    - December 10, 2024 – Omni Hotel – Corpus Christi
  15. Adjourn

Estimated Total Length of Meeting

3 hours 50 minutes

# 1. Anti-Trust Statement



## **ANTI-TRUST COMPLIANCE STATEMENT**

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

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

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

### **Texas Windstorm Insurance Association**



## **TWIA Anti-Trust Compliance Statement**

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

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

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

### **Texas Windstorm Insurance Association**

4801 Southwest Parkway, Building 1, Suite 200 Austin, Texas 78735 • P.O. Box 99090, Austin, Texas 78709-9090  
512-899-4900 / Fax 512-899-4950

## 2. Approve the Minutes

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

Omni Hotel  
900 North Shoreline Blvd.  
Corpus Christi, TX

**December 12, 2023**

The Following Board Members were Present:

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

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

- |  |                        |
|--|------------------------|
| 1. David Durden, General Manager                             | TWIA                   |
| 2. Stuart Harbour, CFO                                       | TWIA                   |
| 3. Dave Williams, VP Claims                                  | TWIA                   |
| 4. Jessica Crass, VP Legal                                   | TWIA                   |
| 5. Michael Ledwik, VP Underwriting                           | TWIA                   |
| 6. Rachel Shann, Acting VP Human Resources                   | TWIA                   |
| 7. Jim Murphy, Chief Actuary                                 | TWIA                   |
| 8. Amy Koehl, Senior Project Administrator                   | TWIA                   |
| 9. Kristina Donley, Training, QA and Agency<br>Audit Manager | TWIA                   |
| 10. Camron Malik, Chief Information Officer                  | TWIA                   |
| 11. Mike Perkins, Association Counsel                        | Perkins Law Group PLLC |

The Following Guests Were Present:

- |                     |                               |
|---------------------|-------------------------------|
| 1. William Dubinsky | Gallagher Securities          |
| 2. Vana Jones       | Insurance Technology Services |
| 3. Jessica Davidson | TWIA                          |
| 4. Dan Graves       | Weaver                        |
| 5. Bruce Zaret      | Weaver                        |

The Following In-Person Attendees Were Present:

- |                    |                                 |
|--------------------|---------------------------------|
| 1. Adam Boriack    | Adam Boriack Insurance Agency   |
| 2. Adriana Vasquez | Adriana Vasquez Agency          |
| 3. Alma Castillo   | All American Hallmark Insurance |
| 4. James Aleman    | Allstate                        |

5. Dwayne Harris	Allstate
6. Debbie King	AmTrust
7. Dan Dick	Aon
8. Scot Kibbe	APCIA
9. Stephanie Hesch	Blue Eagle Insurance
10. Brian Niemann	Brian Niemann Insurance
11. Alexandra Caballero	Carlisle Insurance
12. Eric Botelli	Centurion Insurance Group
13. Bela Huerta	Chairman Todd Hunter's Office
14. Chrissy Romens	Chairman Todd Hunter's Office
15. Ryan Skrobarczyk	City of Corpus Christi
16. Wendy Herman	City of Corpus Christi
17. Ryan Brannan	Coastal Windstorm Ins. Coalition
18. Art Granado	Corpus Christi Regional Transportation Authority
19. Ed Cantu	Ed Cantu Insurance
20. Jeff Bernsce	Farmers Insurance
21. Kimberly Harrington	Farmers Insurance
22. Stephanie Waterman	Farmers Insurance
23. George Taylor	FB Taylor Insurance
24. Frank Gonzalez	Frank Gonzalez Insurance
25. Allen Cashin	Gallagher Re
26. Alicia Gerte	Gallagher Re
27. Joey Walker	Gallagher Re
28. Ariel Garcia	GEICO
29. GG Nunez	GN Insurance
30. Travis McDavid	GSM
31. Verona Durden	Guest
32. Alex Dontervoet	Guy Carpenter
33. Cory Hagan	Hagan Insurance
34. Josh Fields	HUB International
35. Regan Ellmer	IIAT
36. Carrie Roach	IIAT
37. Albert Shannon	Insurance Junction
38. Terrilyn Tarlton Shannon	Insurance Junction
39. Terri Kizer	Keetch & Associates
40. Mark Silva	Mark Silva State Farm
41. Ruben Bonilla	Ruben Bonilla Insurance Agency
42. Ed Garcia	State Farm
43. Enrique Espinoza	State Farm
44. Chairman Todd Hunter	State Representative
45. Beaman Floyd	TCAIS
46. David Hattman	TCS Holding Inc.
47. Marianne Baker	TDI
48. David Mueckerheide	TDI

49. Elizabeth Ret  
50. Ginny Cross

TDI  
United Corpus Christi Chamber

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

1. Rep. Ed Thompson	19. David Weber
2. Bryan Richter	20. Allen Fulkerson
3. Kenisha Schuster	21. Jordan He
4. Mark Szretter	22. Victor Gonzalez
5. Cathy Newsom	23. Lee Loftis
6. Ashley Cermeno	24. Mary Ann Perez
7. Rubi Harman	25. Nicole Elliott
8. Angela Fang	26. Bart Floerke
9. Sally Bakko	27. Afton Gillard
10. Javier Callejo	28. Doug Feinberg
11. Aaron Taylor	29. Glenn Tyrpa
12. Jocelyn Strong	30. Iann Villar
13. Lance Cooke	31. Shirley Bowler
14. Clarisse Lilley	32. Steve Evans
15. Jarrett Hill	33. Dan Paschal
16. Lisa Webb	34. John Spurgeon
17. Jai Singh	
18. Lou Cusano	

1. Call to Order: Ms. Franklin Womack called the meeting to order at 9:04 AM. Board members were provided with a copy of the anti-trust statement and reminded of the prohibitions in the anti-trust statement by counsel. Mr. Perkins presented the required conflict-of-interest disclosures on behalf of each board member. Ms. Donley reviewed the housekeeping items.
2. Approval of Minutes: The minutes from the October 31, 2023 and August 8, 2023 meetings were reviewed. Ms. Neblett moved to approve the minutes as presented. Mr. Garrett seconded the motion. The motion passed unanimously.
3. Public Comment: Ms. Donley reviewed the twelve written public comments received before the meeting. Nine comments were in opposition to reducing agent commissions and the remaining three comments were in opposition to a rate increase. Verbal public comment was offered by Sally Bakko and Chairman Todd Hunter. Mr. Walenta announced he will not seek reappointment to the TWIA Board of Directors upon expiration of his term in March 2024.
4. TWIA Operational Dashboard: Mr. Durden reviewed the operational dashboard for the quarter. Written and earned premiums are up for the quarter. The current association staff headcount is 248 employees and contractors.

5. Financial:

- A. Report of the Secretary/Treasurer: Ms. Guard reviewed the Treasurer's Report. Ms. Neblett moved to approve the report. Mr. Garrett seconded the motion. The motion passed unanimously.
- B. Financial Statement Review by Staff: Mr. Harbour reported that the direct written premiums for the third quarter were \$519.4 million, a variance of \$74.2 million from the budget of \$445.2 million. Direct earned premiums were \$427.8 million, a variance of \$25.5 million over the budget of \$402.3 million.

The 2023-2024 reinsurance program incepted on June 1, 2023. Coverage for the 2023 hurricane season consists of \$1.2 billion of collateralized catastrophe bonds and \$1.043 billion of traditional reinsurance. Estimated gross ceded premiums of \$214.4 million associated with the \$2.243 billion in coverage have been recorded compared to a budgeted estimate of \$225.5 million. The final cost for the 2023-2024 program will be determined based on total insured value as of October 31, 2023. The current estimate reflects an overall developed rate-on-line (ROL) of 9.6% compared to the developed 6.5% ROL for the 2022-2023 program. The net cost of the reinsurance program after ceding commission was \$204.8 million. Reinsurance premiums ceded are recognized over the hurricane season beginning June 1 and ending on November 30 of each year.

The one carrier (SafePoint) that signed up to participate in round six of depopulation selected approximately 32,000 policies for potential novation from TWIA. The agent review period closed on June 31, 2022, with a total of 79 policies still eligible for transfer. Owners of the remaining 79 policies had until January 31 to opt out and remain with TWIA or be transferred to SafePoint. The novation occurred effective 2/28/2023 and 46 active policies were transferred. There will not be a round seven depopulation program in 2023/2024 because no carriers registered to participate in the upcoming depopulation period.

Direct losses and LAE for the period January 1 to September 30 were \$87.4 million, a variance of \$2.2 million over the budget of \$85.2 million. Loss and LAE ratio was 20.4% with the budgeted amount being 21.2%. The ultimate loss and loss adjustment expense estimate for Hurricane Harvey remains at \$1.66 billion.

Operating expenses for the period January 1 to September 30 were \$25.4 million with the budgeted amount of \$26.7 million. The operating expense ratio for the quarter was 5.9%, which was slightly under the budgeted amount of 6.6%. Notable expense items under budget include personnel expenses (\$1.2 million) and software purchases and licensing (\$530,000).

Commission expenses for the period January 1 to September 30 were \$83

million, a variance of \$11.8 million from the budgeted amount of \$71.2 million. Premium taxes were \$9.5 million, a variance of \$ 1.2 million over the budgeted amount of \$8.3 million.

Operating account balances have been reduced to maximize amounts invested in Money Market Mutual Funds, which provide a higher rate of interest earnings. Yields on the Association's investments in Money Market Mutual Funds have increased as the Federal Reserve raised interest rates to combat the high levels of inflation.

- C. Review and Approval of 2024 Budget: Mr. Harbour reviewed the details of the 2024 TWIA budget. Mr. Garrett moved to approve the budget as presented. Ms. Neblett seconded the motion. The motion passed unanimously.

6. Agent Commission Study Update:

- A. TWIA Staff Presentation: Anna Stafford went over the staff report concerning the objectives for the study and the recommendations received from the board in 2022 to allow time for agents to adjust workflows, analyze 12 months of renewal data and evaluate workflows in the new systems before starting the commission report. Mr. Gerik asked if premium financing is still available for policyholders. Ms. Stafford said it is still available as a payment option. Mr. Gerik said policyholders are paying more than they need to with premium financing. He would like to eliminate premium financing and direct policyholders to the multiple payment options available. Mr. Gerik asked staff to determine how many policies are using premium finance and determine if those utilizing it could be moved to other payment options.
- B. Agent Time Study: Vana Jones from ITS Consulting went over the findings in their agency time study. Ms. Neblett asked if staff could put together an outline of what is possible regarding ITS's suggestions that came from the agent commission study report.
- C. Agent Advisory Group (AAG) Response: Garry Kaufman, Chair of the TWIA Agent Advisory Group, offered a response to the report's findings. TWIA staff and the AAG met in November to get their feedback on the report. Mr. Kaufman said it takes longer to write policies than is taken into account in the study. Billing also wasn't addressed.
- D. Agent Commission Public Comment: Public comment was offered by Rep. Ed Thompson, Rep. Mary Ann Perez, Travis McDavid, Carrie Roach, Stephanie Waterman, Ed Cantu, Adriana Vasquez, Terrilyn Tarlton Shannon, Regan Ellmer, Eric Botelli, James Aleman, Alma Castillo and Josh Fields.
- E. Consideration of Board Recommendation Regarding Agent Commissions to the Commissioner: Ms. Franklin Womack said if commissions are reduced by 1%, it means a 6.25% reduction in income to agents. The narrow focus of the commission study is difficult. She thinks the commissions as they stand are fine. Mr. Walenta said the current CRTF amount is \$278 million but exposure is \$91.9 billion. On Galveston Island, commercial is \$2.2 billion in insured exposure. The concentration of risk is significant. He believes any monies

should go to the CRTF first. Mr. Walenta moved that TWIA adjust its residential commission rate to 12.5% on new business and 10% on renewal business. There would be no change in the structure of commercial policies. Mr. Schrader seconded the motion. Mr. Perkins stated the board doesn't have the ultimate decision authority on this issue; the Commissioner of Insurance will make the final determination. The board is empowered only to instruct staff to make a filing with the Texas Department of Insurance that includes a recommendation.

A roll call vote was conducted.

Mike Gerik – No  
Tim Garrett – No  
Georgia Neblett – No  
Esther Grossman – No  
Karen Guard – No  
Ron Walenta – Yes  
Tony Schrader – Yes  
Peggy Gonzalez – No  
Chandra Franklin Womack – No

The motion failed to pass.

Mr. Gerik moved to leave the agent commission structure as it is and take no action. Ms. Neblett seconded the motion. Mr. Perkins said this is different from the annually mandated rate filing. If the board wants to make no changes to the current commission structure, staff will not need to make a filing with TDI.

A roll call vote was conducted.

Tim Garrett - Yes  
Georgia Neblett – Yes  
Esther Grossman – Yes  
Karen Guard – Yes  
Ron Walenta – Abstain  
Mike Gerik – Yes  
Tony Schrader – Yes  
Peggy Gonzalez – Yes  
Chandra Franklin Womack – Yes

The motion passed.



7. Actuarial:

- A. Policy Counts/Exposures: TWIA has been growing rapidly since 2021, with policies in-force and direct liability having increased 27% and 57%, respectively, over the last two years. This growth has been driven both by insolvencies and the general constriction of the private market on the coast.
- B. Reserve Adequacy: The TWIA actuarial staff has completed a review of Texas Windstorm Insurance Association loss and loss adjustment expense reserves as of September 30, 2023.

The ultimate estimate for Hurricane Harvey remains at \$1.66 billion. The actual ultimate costs of Hurricane Harvey may differ substantially from the selected ultimate estimate due to variability in the adequacy of case reserves and the outcome of disputed claims.

As of September 30, 2023, TWIA carried \$56.5 million in total gross loss and loss adjustment expense reserves with approximately \$6,000 of the total gross reserve ceded to carriers who have participated in the Association's Assumption Reinsurance Depopulation Program. The total gross loss and loss adjustment expense reserves include the reserves for Hurricanes Harvey, Delta, Laura, Hanna, Nicholas and all other outstanding claims. Collectability risk has been reviewed and found to be immaterial relative to total gross reserves.

In the opinion of the chief actuary, the Association's reserves met the requirements of the insurance laws of Texas, were consistent with reserves computed in accordance with accepted actuarial standards and principles and made a reasonable provision for all combined unpaid loss and loss expense obligations of the Association under the terms of its contracts and agreements.

- C. Status of Filings: The TWIA Board of Directors directed staff to make two filings at its August 8, 2023 meeting. TWIA made its annual rate filing on August 14 for no change in TWIA rates. Because this filing was not for an increase, no specific approval from TDI was required.

TWIA also filed for no change to its maximum statutory limits on August 14. The Commissioner did not issue an order disapproving or modifying the filing and it was deemed approved on September 14, pursuant to Texas Insurance Code 2210.501.

- D. Automatic Adjusted Building Cost Factors: The TWIA Automatic Adjusted Building Cost (ABC) Endorsement automatically revises the limit of liability on residential policies each year at renewal by a percentage established by a building cost index.

The percentages used to revise policy limits vary by the first three digits of the insured location's ZIP code. Since 2021, TWIA has applied a two-year average of changes in building cost indices to mitigate the immediate impact of

increasing building costs on policyholders. The updated percentages will apply to all residential policies renewing on or after April 1, 2024.

- E. 2024 Storm Season Funding: Staff has been working closely with TWIA's reinsurance broker, Gallagher Re, and their securities/catastrophe bond affiliate, Gallagher Securities, in preparation for the upcoming 2024 reinsurance placement.

Given the continuing hard market conditions, the need to replace \$500 million of expiring catastrophe bonds in 2024, and a potentially significant increase in the overall size of the reinsurance program due to TWIA exposure growth, Gallagher is recommending that the reinsurance planning and purchasing process begin as soon as possible. To that end, they recommend the TWIA board authorize commencement of the reinsurance placement process at the December 12 meeting, at least in terms of a catastrophe bond transaction to replace the expiring 2021 Alamo Re Bonds.

Ms. Neblett moved that TWIA staff is authorized and directed to engage Gallagher Securities and others as recommended by the broker to begin the process of placement of the June 1, 2024 – May 31, 2025 reinsurance program. Ms. Guard seconded the motion. Ms. Grossman asked for due diligence to be done in this process and that regular updates be provided to the board members on the reinsurers. The motion passed.

8. Internal Audit:

- A. Internal Audit Status Report: Mr. Zaret reported the current internal audit activities included accounts payable and expense processing, model audit rule, risk assessment and audit plan update, catastrophe plan tabletop exercises, depopulation, accounts receivable, database and application administration, reinsurance funding, underwriting, actuarial and legal and compliance. Upcoming audits include cash management, strategic communications and plan of operation. Mr. Zaret announced he is retiring as of June 1. Dan Graves will take over as his successor.
- B. Internal Audit Risk Assessment and Internal Audit Plan: The annual risk assessment was updated by management with assistance by Weaver and was used in determining the rolling three-year internal audit plan for fiscal years 2024 through 2026. Ms. Neblett moved that the updated risk assessment and the audit plan for 2024-2026 are approved as presented. Ms. Grossman seconded the motion. The motion passed unanimously.

9. Underwriting Operational Review Update: Over 98% of transactions were issued within 10 days of receiving the application and payment. Of those transactions, 73% were straight through processed by the system and 27% of the transactions were referred by the system to underwriting for additional information, review and approval prior to issuance. Out of 94,914 calls for the quarter, 88.80% of the calls were answered in under 20 seconds.

A standard sample of agencies (20) were selected for review in the third quarter of 2023 to verify compliance with the Texas Windstorm Insurance Association (TWIA) declination of coverage and flood insurance requirements. One hundred percent of agencies have completed their responses. All policies/agents reviewed were 100% compliant with the requirement for proof of declination of coverage. All policies/agents reviewed were 100% compliant with the flood coverage requirements, noting that only 1.5% of the policies selected/reviewed required flood insurance. All agents selected have an active property and casualty insurance license.

10. Claims:

- A. Claims Operations: First notice of loss to property inspection was averaging 3.5 days. The total cycle time of first notice of loss to payment daily was 9.9 days and 9.6 days for cat. The historical claim volume for 2023 is 7,479.
- B. Claims Litigation: For the third quarter, four new TWIA claims in suit were received and 17 were closed. Seventy new claims with letters of representation were received for the quarter and 72 were closed. The Furlow Law Firm and the Baker Law Firm held the majority of the suits.

11. TWIA Operations:

- A. IT Systems Update: IT staff addressed the performance issues identified by agents earlier this year and are continuing to monitor for any future issues. Overall, the systems are functioning well and staff continue to work on projects and provide ongoing support to the business. The team also continues to work with agents to get a better understanding of the usage scenarios and evaluate features requested by users.

All projects are making progress and are on track. The approach to the surcharge for bonds project was changed to “just in time” to accommodate other projects with earlier deliveries and the need for surcharge was reduced due to the end of storm season. However, coding is 93% complete, quality assurance is 86% done and user acceptance testing is 78% complete.

As far as the budget is concerned, IT is currently \$349K below projections for the year.

The Cloud migration program continues with prep work involving technical and system architecture discussions with Guidewire and Zensar (system integrator). The technical upgrade (moving code to the latest cloud version and updating interfaces) is underway and is on schedule to be completed by the end of the month. In the meantime, meetings with Zensar have begun to identify the design changes and impacts of the work. The program is still expected to start at the beginning of January 2024.

Overall, systems continue in production support mode with a monthly cadence of releases and the infrastructure and operations team continues to support the organization with excellent quality. All technological efforts are moving according to plan.

- B. Communications and Legislative Update: Monthly town hall meetings with association leadership have been held to foster open communication and address employee queries. Updated brand templates were developed for the executive leadership team's review. The hurricane preparedness program is starting for the next season.

Staff has launched a Legislative Improvement Program for the 88<sup>th</sup> Session (LIP 88) to put into effect the new laws impacting Association operations.

Association staff held three meetings with legislative offices during the Q3 2023, primarily to provide background information to new staff on Association issues.

- C. Performance Evaluation of General Manager: This item will be covered in the closed session.

12. Closed Session: The meeting went into closed session at 1:09 PM. The meeting went into open session at 1:35 PM.

13. Consideration of Issues Related to Matters Deliberated in Closed Session that May Require Action, if any, of the Board of Directors: Ms. Guard moved to increase the General Manager's salary by 3.25%, effective January 1, 2024. Ms. Neblett seconded the motion. The motion passed unanimously.

14. Committees:

- A. Actuarial and Underwriting Committee: There is a vacancy on the TWIA Actuarial and Underwriting Committee. With the departure of Mr. Walenta after his term expires, this will open up a second vacancy. Board members asked Mr. Durden to speak with the chair of the committee about possible candidates.

15. Future Meetings:

- February 20, 2024 – Moody Gardens Hotel – Galveston, TX
- May 7, 2024 – Hyatt Regency – Austin, TX
- August 6, 2024 – Tremont House – Galveston, TX

16. Adjourn: The meeting adjourned at 1:42 pm.

---

Prepared by: Amy Koehl  
Senior Project Administrator

---

Approved by: Chandra Franklin Womack  
TWIA Chair

---

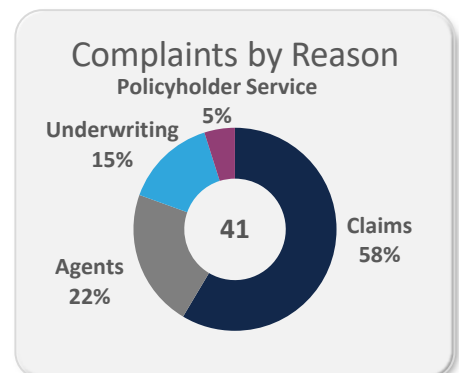
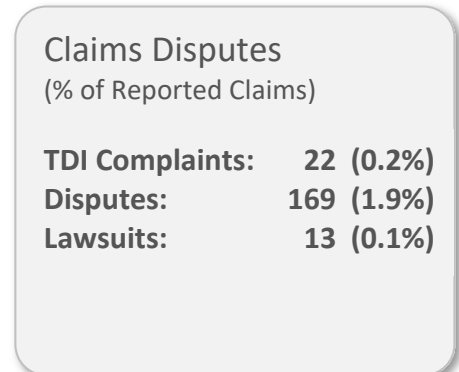
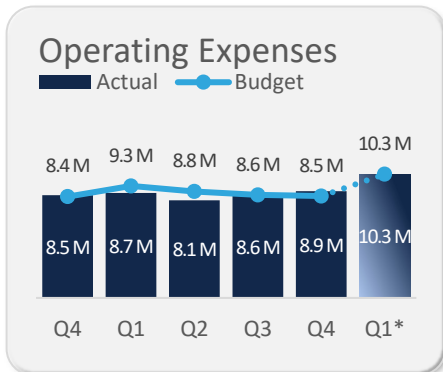
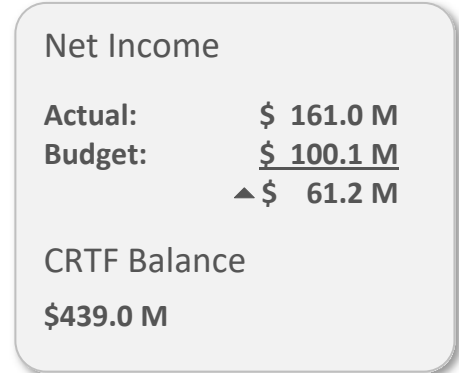
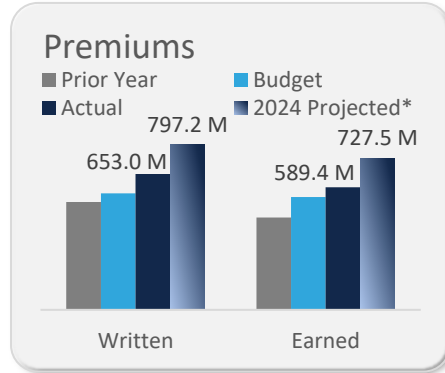
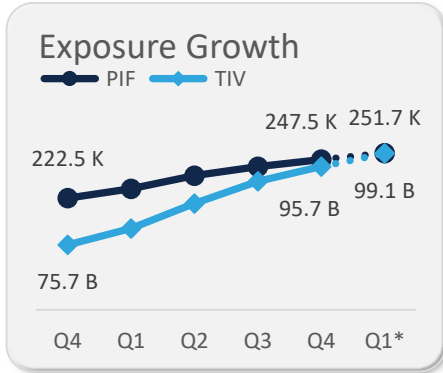
Approved by: Georgia Neblett  
TWIA Vice Chair

## 4. TWIA Operational Highlights



# Operational Dashboard

Reporting as of December 31, 2023



Exposure Growth, Operating Expenses, and Headcount as of Reporting Date  
All other amounts are Year to Date

CY 2022 Gross Premium to Surplus Ratio 1.96: 1







# Enterprise Projects

## Reporting Definitions



### Initiative Types

**Mandatory** - Driven by Legislature, Regulations, Rules, or Governor or Commissioner Order

**Required** - Required for continuity of operations or contractual commitments

**High Priority** - Recommended or required by Board of Directors, Security, or Audit stakeholders

**Discretionary Planned** - Elective efforts with a degree of advanced planning, e.g., strategic plan

**Discretionary Unplanned** - Elective efforts without advanced planning

### Project Status / Health

Indicator	Definition	Characteristics	Recommended Action
● On Track	A green indicator represents a healthy status (scope, budget, and schedule)	Expenses are within planned budget Project is on schedule Project is appropriately resourced Quality is meeting expectations Stakeholders are satisfied	Monitor data to ensure project is on track
● At Risk	An amber indicator indicates the project is moving, but with risks that may become issues; Management should mitigate, resolve or control them to avoid project failure	Considerable overspending of more than 5% A delay in schedule Lack of resources	Monitor and control them to avoid falling into the red zone If budgetary, conduct cost analysis to remediate or implement project change control process If resource issues, consider prioritization
● Needs Action	A red indicator represents problems that exist and need to be analyzed, requiring evaluation and action to enable project success	Overspending by more than 10% Delay in schedule Quality issues Resource shortage Unsatisfied stakeholders	Management should analyze and find the reasons for the red status; take action to find a resolution

Project health report represents scope and schedule

Sources referenced: PMO Study Circle/Project Management Institute (PMI)

## 5. Financial

### 5A. Report of the Secretary/Treasurer

#### 5A1. Income Statement

#### 5A2. Management Discussion and Analysis

**TEXAS WINDSTORM INSURANCE ASSOCIATION**  
**Statutory Income Statement - Treasurer's Report**  
**for the twelve months ended December 31,**  
**(000's omitted)**

	2023	2022
<b>Direct Premiums Written</b>	<u>\$ 653,043</u>	<u>\$ 518,299</u>
<b>Premiums Earned:</b>		
Direct Premiums Earned	\$ 589,353	\$ 443,490
Ceded Reinsurance Premiums	(217,987)	(132,095)
Ceded Reinsurance Premiums - Depopulation	0	0
Net Premiums Earned	<u>371,366</u>	<u>311,395</u>
<b>Deductions:</b>		
Direct Losses and LAE Incurred	96,424	61,213
Direct Losses and LAE Incurred - Harvey	(5,000)	(10,000)
Direct Losses and LAE Incurred - Ike & Dolly	(57)	0
Ceded Losses and LAE Incurred - Depopulation	6	35
Operating Expenses	34,268	33,519
Commission Expense	104,392	82,854
Ceding commissions / brokerage	(9,990)	(5,612)
Ceding commissions / brokerage - Depopulation	0	0
Premium / Maintenance Tax	11,351	9,456
Total Deductions	<u>231,394</u>	<u>171,466</u>
<b>Net Underwriting Gain or (Loss)</b>	<u>139,972</u>	<u>139,929</u>
<b>Other Income or (Expense):</b>		
Gross Investment Income	23,017	4,372
Debt Issuance & Other Investment Expenses	(93)	(391)
Line of Credit Fees	(1,909)	(1,879)
Interest Expense on Class 1 Bonds	0	(5,192)
Interest Expense on Short Term Debt	0	(296)
CRTF Funds Received	0	0
Member Assessment Income	0	0
Premium Charge off/Write off	6	168
Miscellaneous Income (Expense)	6	35
Total Other Income or (Expense)	<u>21,029</u>	<u>(3,183)</u>
<b>Net Income (Loss)</b>	<u>\$ 161,000</u>	<u>\$ 136,747</u>
<b>Surplus (Deficit) Account:</b>		
Beginning Surplus (Deficit)	38,643	(24,584)
Net Income (Loss)	161,000	136,747
Change in Provision for Reinsurance	0	0
Change in nonadmitted assets	791	(1,633)
Change in Unrecognized Pension Expense	1,419	3,075
Statutory Fund Cost	(156,000)	(74,962)
<b>Ending Surplus (Deficit)</b>	<u>\$ 45,853</u>	<u>\$ 38,643</u>

# Texas Windstorm Insurance Association

## Management's Discussion and Analysis of Financial Results

### For the Twelve Months Ended December 31, 2023

#### Written and Earned Premiums

	Dec-2023	Dec-2023	Variance	Variance %
<b>Actual vs Budget</b>	YTD Actual	YTD Budget	Inc (Dec)	Inc (Dec)
Direct Written Premiums	\$ 653.0 M	\$ 560.2 M	\$ 92.9 M	16.6%
Direct Earned Premiums	\$ 589.4 M	\$ 542.3 M	\$ 47.1 M	8.7%
Policies In-Force	247,531	232,209	15,322	6.6%

	Dec-2023	Dec-2022	Variance	Variance %
<b>Current Yr vs Prior Yr Actuals</b>	YTD Actual	YTD Actual	Inc (Dec)	Inc (Dec)
Direct Written Premiums	\$ 653.0 M	\$ 518.3 M	\$ 134.7 M	26.0%
Direct Earned Premiums	\$ 589.4 M	\$ 443.5 M	\$ 145.9 M	32.9%
Policies In-Force	247,531	222,480	25,051	11.3%

#### Reinsurance Costs

- The 2023-2024 reinsurance program was inceptioned on June 1, 2023. Coverage for the 2023 hurricane season consists of \$1.2 billion of collateralized catastrophe bonds and \$1.043 billion of traditional reinsurance. Gross ceded premiums associated with the \$2.243 billion in coverage totaled \$218.0 million compared to a budgeted estimate of \$225.5 million. This total reflects an overall rate-on-line (ROL) of 9.1% compared to the 6.5% ROL for the 2022-2023 program. The net cost of the reinsurance program after ceding commission was \$208.0. Reinsurance premiums ceded are recognized over the hurricane season beginning June 1 and ending on November 30 of each year.

#### Depopulation Program

- The one carrier (SafePoint) that signed up to participate in round 6 of depopulation selected approximately 32,000 policies for potential novation from TWIA. The agents review period closed on June 31, 2022, with a total of 79 policies still eligible for transfer. Owners of the remaining 79 policies had until January 31 to opt out and remain with TWIA or be transferred to SafePoint. The novation occurred effective 2/28/2023 and 46 active policies were transferred. There will not be a round 7 depopulation program in 2023/2024 as no carriers registered to participate in the upcoming depopulation period.

# Management's Discussion and Analysis of Financial Results (cont'd)

## Loss and Loss Adjustment Expense Incurred

	Dec-2023	Dec-2023	Variance	Variance %
<b>Actual vs Budget</b>	YTD Actual	YTD Budget	Inc (Dec)	Inc (Dec)
Direct Losses Incurred	\$ 76.8 M	\$ 69.9 M	\$ 6.9 M	9.9%
Direct LAE Incurred	\$ 14.6 M	\$ 22.3 M	(\$ 7.8 M)	(34.7%)
<b>Total Direct Losses &amp; LAE</b>	<b>\$ 91.4 M</b>	<b>\$ 92.2 M</b>	<b>(\$ .8 M)</b>	<b>(0.9%)</b>
<b>Loss &amp; LAE Ratio</b>	<b>15.5%</b>	<b>17.0%</b>		<b>(1.5%)</b>

	Dec-2023	Dec-2022	Variance	Variance %
<b>Current Yr vs Prior Yr Actuals</b>	YTD Actual	YTD Actual	Inc (Dec)	Inc (Dec)
Direct Losses Incurred	\$ 76.8 M	\$ 28.9 M	\$ 47.9 M	166.0%
Direct LAE Incurred	\$ 14.6 M	\$ 22.3 M	(\$ 7.8 M)	(34.8%)
<b>Total Direct Losses &amp; LAE</b>	<b>\$ 91.4 M</b>	<b>\$ 51.2 M</b>	<b>\$ 40.2 M</b>	<b>78.4%</b>
<b>Loss &amp; LAE Ratio</b>	<b>15.5%</b>	<b>11.5%</b>		<b>4.0%</b>

- The ultimate loss and loss adjustment expense estimate for Hurricane Harvey was reduced by \$5 million in December to \$1.655 billion

## Operating Expenses

	Dec-2023	Dec-2023	Variance	Variance %
<b>Actual vs Budget</b>	YTD Actual	YTD Budget	Inc (Dec)	Inc (Dec)
Operating Expenses	\$ 34.3 M	\$ 35.2 M	(\$ .9 M)	(2.6%)
<b>Operating Expense Ratio</b>	<b>5.8%</b>	<b>6.5%</b>		<b>(0.7%)</b>

	Dec-2023	Dec-2022	Variance	Variance %
<b>Current Yr vs Prior Yr Actuals</b>	YTD Actual	YTD Actual	Inc (Dec)	Inc (Dec)
Operating Expenses	\$ 34.3 M	\$ 33.5 M	\$ 0.7 million	2.2%
<b>Operating Expense Ratio</b>	<b>5.8%</b>	<b>7.6%</b>		<b>(1.7%)</b>

- Net operating expenses shown above and on the statutory income statement exclude claims related expenses which are recorded in losses and loss adjustment expense. Notable expense items under budget include Personnel Expenses (\$1.8M) and Software Purchases and Licensing (\$540,000). Expenses over budget include Professional & Consulting Services of \$1.5M, primarily in information technology.

# Management's Discussion and Analysis of Financial Results (cont'd)

## Commission Expense and Premium Taxes

	Dec-2023	Dec-2023	Variance	Variance %
<b>Actual vs Budget</b>	YTD Actual	YTD Budget	Inc (Dec)	Inc (Dec)
Commission Expense	\$ 104.4 M	\$ 89.6 M	\$ 14.8 M	16.5%
Premium Taxes	\$ 11.4 M	\$ 10.4 M	\$ .9 M	9.1%

	Dec-2023	Dec-2022	Variance	Variance %
<b>Current Yr vs Prior Yr Actuals</b>	YTD Actual	YTD Actual	Inc (Dec)	Inc (Dec)
Commission Expense	\$ 104.4 M	\$ 82.9 M	\$ 21.5 M	26.0%
Premium Taxes	\$ 11.4 M	\$ 9.5 M	\$ 1.9 M	20.0%

## Other Income (Expense)

- Operating account balances have been reduced to maximize amounts invested in Money Market Mutual Funds which provide a higher rate of interest earnings. Yields on the Association's investments in Money Market Mutual Funds have increased as the Federal Reserve raised interest rates to combat the high levels of inflation.

	Dec-2023	Dec-2023	Variance	Variance %
<b>Actual vs Budget</b>	YTD Actual	YTD Budget	Inc (Dec)	Inc (Dec)
Gross Investment Income	\$ 23.0 M	\$ 4.3 M	\$ 18.7 M	438.0%

	Dec-2023	Dec-2022	Variance	Variance %
<b>Current Yr vs Prior Yr Actuals</b>	YTD Actual	YTD Actual	Inc (Dec)	Inc (Dec)
Gross Investment Income	\$ 23.0 M	\$ 4.4 M	\$ 18.6 M	426.4%

## Net Income

	Dec-2023	Dec-2023	Variance	Variance %
<b>Actual vs Budget</b>	YTD Actual	YTD Budget	Inc (Dec)	Inc (Dec)
Net Income (Loss)	\$ 161.0 M	\$ 100.1 M	\$ 60.9 M	60.8%

	Dec-2023	Dec-2022	Variance	Variance %
<b>Current Yr vs Prior Yr Actuals</b>	YTD Actual	YTD Actual	Inc (Dec)	Inc (Dec)
Net Income	\$ 161.0 M	\$ 136.7 M	\$ 24.3 M	17.7%

# Management’s Discussion and Analysis of Financial Results (cont’d)

**Surplus (Deficit)**

<b>Actual vs Budget</b>	Dec-2023 YTD Actual	Dec-22 YTD Actual	Variance Inc (Dec)	Variance % Inc (Dec)
Surplus (Deficit)	\$ 45.9 M	\$ 38.6 M	\$ 7.2 M	18.7%

- Ending surplus increased from the prior year-end amount by \$7.2 million. Surplus increased due to year-to-date net income of \$ 161.0 million and reduction in the liability for unrecognized pension expense of \$1.4 million and a slight decrease in non-admitted assets. These amounts were partially offset by the \$156.0 million that has been accrued for the estimated 2023 contribution to the catastrophe reserve trust fund.

\*\*\*\*\*

## 5B. Financial Statement Review by Staff

5B1. Income Statement and  
Expense Statement

5B2. Balance Sheet

5B3. Cash & Short-Term Investments

5B4. Cash Flow Statement

5B5. Historical Data



**TEXAS WINDSTORM INSURANCE ASSOCIATION**  
**Statutory Income Statement (000's omitted)**  
**For the twelve months ended December 31,**

	Actuals - 2023	Budget - 2023	Variance - 2023	Actuals - 2022
<b>4 Premiums Written:</b>				
5 Direct	\$ 653,043	\$ 560,179	\$ 92,865	\$ 518,299
6 Ceded	(217,987)	(225,544)	7,557	(132,095)
7 Ceded - Depopulation	0	0	0	0
8 Net	<u>435,056</u>	<u>334,635</u>	<u>100,421</u>	<u>386,204</u>
<b>10 Premiums Earned:</b>				
11 Direct	\$ 589,353	\$ 542,293	\$ 47,060	\$ 443,490
12 Ceded	(217,987)	(225,544)	7,557	(132,095)
13 Ceded - Depopulation	0	0	0	0
14 Net	<u>371,366</u>	<u>316,749</u>	<u>54,617</u>	<u>311,395</u>
<b>16 Deductions:</b>				
17 Direct Losses and LAE Incurred	96,424	92,171	4,253	61,213
18 Direct Losses and LAE Incurred - Harvey	(5,000)	0	(5,000)	(10,000)
19 Direct Losses and LAE Incurred - Ike & Dolly	(57)	0	(57)	0
20 Ceded Losses and LAE Incurred - Depopulation	6	0	6	35
21 Operating Expenses	34,268	35,171	(903)	33,519
22 Commission Expense	104,392	89,629	14,764	82,854
23 Ceding commissions / brokerage	(9,990)	(8,849)	(1,141)	(5,612)
24 Ceding commissions / brokerage - Depopulation	0	0	0	0
25 Premium / Maintenance Tax	11,351	10,402	949	9,456
26 Total Deductions	<u>231,394</u>	<u>218,523</u>	<u>12,871</u>	<u>171,466</u>
<b>28 Net Underwriting Gain or (Loss)</b>	<u>139,972</u>	<u>98,226</u>	<u>41,746</u>	<u>139,929</u>
<b>30 Other Income or (Expense):</b>				
31 Gross Investment Income	23,017	4,278	18,739	4,372
32 Debt Issuance/Maintenance Fees & Other Investment E	(93)	(432)	339	(391)
33 Line of Credit Fees	(1,909)	(1,927)	18	(1,879)
34 Interest Expense on Class 1 Bonds	0	0	0	(5,192)
35 Interest Expense on Short Term Debt	0	0	0	(296)
36 Premium Charge offs/Write offs	6	0	6	168
37 Miscellaneous Income (Expense)	6	0	6	35
38 Total Other Income or (Expense)	<u>21,029</u>	<u>1,920</u>	<u>19,109</u>	<u>(3,183)</u>
<b>40 Net Income (Loss)</b>	<u>\$ 161,000</u>	<u>\$ 100,145</u>	<u>\$ 60,855</u>	<u>\$ 136,747</u>
<b>42 Surplus (Deficit) Account:</b>				
43 Beginning Surplus (Deficit)	38,643	38,643	0	(24,584)
44 Net Income (Loss)	161,000	100,145	60,855	136,747
45 Change in Provision for Reinsurance	0	0	0	0
46 Principal Funded on Class 1 Bonds (net)	0	0	0	0
47 Change in nonadmitted assets	791	2,964	(2,172)	(1,633)
48 Unassigned Funds - Unrecognized Pension Expense	1,419	0	1,419	3,075
49 Statutory Fund Cost	(156,000)	(100,145)	(55,855)	(74,962)
50 Ending Surplus (Deficit)	<u>\$ 45,853</u>	<u>\$ 41,607</u>	<u>\$ 4,246</u>	<u>\$ 38,643</u>
<b>52 Key Operating Ratios:</b>				
53 Direct:				
54 Loss & LAE Ratio:				
55 Non Hurricane	16.4%	17.0%	(0.6%)	13.8%
56 Hurricane Harvey	(0.8%)	0.0%	(0.8%)	(2.3%)
57 Hurricanes Ike & Dolly	(0.0%)	0.0%	(0.0%)	0.0%
58 Loss & LAE Ratio	<u>15.5%</u>	<u>17.0%</u>	<u>(1.5%)</u>	<u>11.5%</u>
59 UW Expense Ratio:				
60 Acquisition	17.7%	17.9%	(0.1%)	17.8%
61 Non Acquisition	5.8%	6.5%	(0.7%)	7.6%
62 UW Expense Ratio	<u>23.5%</u>	<u>24.3%</u>	<u>(0.8%)</u>	<u>25.4%</u>
63 Combined Ratio	<u>39.0%</u>	<u>41.3%</u>	<u>(2.3%)</u>	<u>36.9%</u>

TEXAS WINDSTORM INSURANCE ASSOCIATION					
Statutory Expense Report (000's omitted)					
for the twelve months ended December 31,					
Description	Actuals - 2023	Budget - 2023	Variance - 2023	Actuals - 2022	
Personnel Expenses					
Salaries & Wages - Permanent	\$ 14,044	\$ 15,319	\$ (1,275)	\$ 13,711	
Contractor & Temporary Help	5,040	5,164	(124)	7,978	
Payroll Taxes	1,029	1,166	(137)	982	
Employee Benefits	4,094	4,844	(750)	4,823	
Recruiting, Training & Other	152	435	(282)	297	
Subtotal	\$ 24,360	\$ 26,928	\$ (2,568)	\$ 27,791	
Professional & Consulting Services					
Legal	\$ 605	\$ 503	\$ 102	\$ 416	
Accounting & Auditing	269	279	(9)	238	
Information Technology	2,630	1,315	1,315	2,399	
Actuarial Services	53	70	(16)	25	
Ombudsman Program	93	113	(20)	113	
Surveys & Inspections	1,387	1,319	68	1,332	
Disaster Recovery Services	7	10	(3)	369	
Other Services (1)	5,377	5,241	136	4,729	
Subtotal	\$ 10,423	\$ 8,849	\$ 1,573	\$ 9,620	
Hardware/Software Purchases & Licensing	3,311	3,857	(546)	3,776	
Rental & Maintenance - Office/Equipment	975	1,004	(30)	1,484	
Travel Expenses	139	194	(55)	122	
Postage, Telephone and Express	1,304	1,208	96	1,029	
Capital Management Expenses	0	0	0	6	
Depreciation & Amortization	3,115	3,069	46	2,182	
Other Operating Expenses	1,533	1,891	(358)	1,581	
<b>Total Operating Expenses</b>	<b>\$ 45,160</b>	<b>\$ 47,002</b>	<b>\$ (1,842)</b>	<b>\$ 47,590</b>	
Capitalization of Fixed Assets	0	0	0	(1,699)	
Reimbursement of Depop Servicing Expense	(4)	0	(4)	(8)	
Allocation To ULAE	(10,790)	(11,579)	788	(12,101)	
Allocation To Investing & Other Expense	(98)	(252)	154	(262)	
Net Operating Expense - UW Operations	\$ 34,268	\$ 35,171	\$ (903)	\$ 33,519	

(1) Summary Details for Other Services:

VENDOR	Amount	Department
Accenture LLP	\$ 2,196	Expert Panel / Corporate
AON Re Inc	600	Actuary
Clear Point Claims LLC	523	Underwriting
Marshall & Swift/Boeckh	304	Underwriting
Xactware Solutions Inc	292	Claims
EagleView Technologies Inc	260	Claims
Risk Management Solutions Inc	234	Expert Panel
LexisNexis Risk Solutions FL Inc	206	Underwriting / Legal & Compliance
LYNX Services LLC	113	Claims
ISO Services Inc	108	Claims
JMV SERVICES, INC. dba Insurance Technology Services	70	Executive
ADP Inc	61	Human Resources
*Other Outside Services below \$50K	409	Various Departments
<b>Total Other Services</b>	<b>\$ 5,377</b>	

**TEXAS WINDSTORM INSURANCE ASSOCIATION**  
**Statutory Balance Sheet (000's omitted)**

	<u>December 2023</u>	<u>December 2022</u>	
1			1
2 <b>Admitted Assets</b>			2
3 Cash and short term investments:			3
4   Unrestricted	\$ 647,820	\$ 483,870	4
5   Restricted - Funds Held at TTSTC	0	0	5
6   Restricted - Funds Held at TTSTC (Non Admitted)	0	0	6
7    Total cash and short term investments	<u>647,820</u>	<u>483,870</u>	7
8 Premiums receivable & other	46,833	26,983	8
9 Assessment receivable	0	0	9
10 Amounts recoverable from reinsurers	0	0	10
11 <b>Total admitted assets</b>	<u><u>\$ 694,653</u></u>	<u><u>\$ 510,852</u></u>	11
12			12
13 <b>Liabilities, Surplus and other funds</b>			13
14 <b>Liabilities:</b>			14
15 Loss and Loss adjustment expenses	44,784	58,175	15
16 Underwriting expenses payable	14,582	14,701	16
17 Unearned premiums, net of ceded unearned premiums	341,024	277,334	17
18 Ceded reinsurance premiums payable	77,739	33,331	18
19 Short Term Debt	0	0	19
20 Interest Payable on Short Term Debt	0	0	20
21 Principal Outstanding on Class 1 Pre Event Bonds	0	0	21
22 Interest Payable on Class 1 Pre Event Bonds	0	0	22
23 Provision for reinsurance	0	0	23
24 Other payables	14,670	13,707	24
25 Statutory fund payable	156,000	74,962	25
26 <b>Total liabilities</b>	<u><u>648,800</u></u>	<u><u>472,209</u></u>	26
27			27
28 <b>Surplus and others funds</b>			28
29 Unassigned surplus (deficit)	45,853	38,643	29
30 <b>Total liabilities, surplus and other funds</b>	<u><u>\$ 694,653</u></u>	<u><u>\$ 510,852</u></u>	30
31			31
32			32
33 <b>Balance in CRTF</b>	<u><u>\$ 283,006</u></u>	<u><u>\$ 190,004</u></u>	33
34			34
35 <b>Balance in CRTF including Statutory fund payable</b>	<u><u>\$ 439,006</u></u>	<u><u>\$ 264,966</u></u>	35
36			36

Texas Windstorm Insurance Association  
Unrestricted Cash and Short Term Investments (\$ in 000's)  
December 31, 2023

Bank	Non Interest Bearing	Interest Bearing	Total Amount of Deposits	Average Daily Balance for the Quarter	Investment Income during the Quarter	Average Annual Yield	Total Deposit % of TWIA's Portfolio	N.A. Bank Credit Rating	N.A. Tier 1 Capital Ratio	N.A. Regulatory Capital	Are funds in excess of the N.A. Regulatory Capital? > .2% of N.A. Reg Capital
<b>Balances as of 12/31/2023:</b>											
Bank of America, Operating	\$ 162	\$ 41,380	\$ 41,542	\$ 34,613	\$ 337	3.9%	6%	Superior	13.3%	\$185	No
Citibank	196	116	312	116	1	1.8%	0%	Superior	14.9%	\$153	No
JP Morgan Chase	27,781	0	27,781	0	206	0.0%	4%	Superior	17.3%	\$282	No
JP Morgan U.S. Treasury Plus Money Market Fund (2)	0	176,404	176,404	158,333	2,082	5.3%	27%	N/A	N/A	N/A	N/A
Chase Goldman Sachs (2)	0	172,532	172,532	168,368	2,225	5.3%	27%	N/A	N/A	N/A	N/A
BOA Morgan Stanley (1)	0	47,457	47,457	47,250	627	5.3%	7%	N/A	N/A	N/A	N/A
BOA Dreyfus Treasury (1)	0	134,166	134,166	133,576	1,769	5.3%	21%	N/A	N/A	N/A	N/A
Fidelity Treasury (1)	0	47,626	47,626	34,776	463	5.3%	7%	N/A	N/A	N/A	N/A
<b>Total of all financial institutions</b>	<b>\$ 28,139</b>	<b>\$ 619,681</b>	<b>\$ 647,820</b>	<b>\$ 577,032</b>	<b>\$ 7,710</b>	<b>5.3%</b>	<b>100%</b>				
<b>Balances as of 09/30/2023:</b>											
Bank of America, Operating	\$ 162	\$ 41,470	\$ 41,632	\$ 44,629	\$ 423	3.8%	7%	Superior	13.3%	\$185	No
Citibank	196	116	312	115	1	1.8%	0%	Superior	14.9%	\$153	No
JP Morgan Chase	54,735	0	54,735	0	0	0.0%	9%	Superior	17.3%	\$282	No
JP Morgan U.S. Treasury Plus Money Market Fund (2)	0	144,469	144,469	134,519	1,744	5.2%	25%	N/A	N/A	N/A	N/A
Chase Goldman Sachs (2)	0	145,468	145,468	129,798	1,677	5.2%	25%	N/A	N/A	N/A	N/A
BOA Morgan Stanley (1)	0	46,845	46,845	46,634	600	5.1%	8%	N/A	N/A	N/A	N/A
BOA Dreyfus Treasury (1)	0	132,449	132,449	120,020	1,561	5.2%	23%	N/A	N/A	N/A	N/A
Fidelity Treasury (1)	0	17,302	17,302	17,224	223	5.2%	3%	N/A	N/A	N/A	N/A
<b>Total of all financial institutions</b>	<b>\$ 55,093</b>	<b>\$ 528,118</b>	<b>\$ 583,211</b>	<b>\$ 492,939</b>	<b>\$ 6,229</b>	<b>5.1%</b>	<b>100%</b>				

(1) The Fund invests in U.S. Treasury bills, notes, trust receipts and direct obligations of the U.S. Treasury.

(2) The Fund invests in U.S. treasury bills, notes, bonds and other obligations issued or guaranteed by the U.S. Treasury.

Bank credit rating, Tier 1 Capital Ratios, and Regulatory Capital were reviewed with the latest financial information available as of September 30, 2023. Rates, ratios and regulatory capital are comparable and consistent with year end National Association (N.A.) results.

**TEXAS WINDSTORM INSURANCE ASSOCIATION**  
**Statement of Cash Flows (000's omitted)**  
**For the twelve months ended December 31, 2023**

1	2	3	4	1
	Actual - 2023	Budget - 2023	Variance - 2023	2
3				3
4 <b>Cash flows from operating activities:</b>				4
5     Premiums collected, net of reinsurance	\$ 462,624	\$ 397,334	\$ 65,290	5
6     Losses and loss adjustment expense paid	(97,217)	(92,575)	(4,642)	6
7     Underwriting expenses paid	(146,785)	(116,616)	(30,169)	7
8     Member assessment received	0	0	0	8
9     Other	992	0	992	9
10     Net cash provided by operating activities	<u>219,615</u>	<u>188,144</u>	<u>31,472</u>	10
11 <b>Cash flows from nonoperating activities:</b>				11
12     Statutory fund received/paid	(74,962)	(93,088)	18,126	12
13     Other	0	0	0	13
14     Net cash provided by nonoperating activities	<u>(74,962)</u>	<u>(93,088)</u>	<u>18,126</u>	14
15 <b>Cash flows from investing activities:</b>				15
16     Sales and maturities of investments	0	0	0	16
17     Net investment income	21,200	4,278	16,922	17
18     Net cash provided by investing activities	<u>21,200</u>	<u>4,278</u>	<u>16,922</u>	18
19 <b>Cash flows from financing activities:</b>				19
20     Borrowed funds	0	0	0	20
21     Borrowed funds repaid	0	0	0	21
22     Debt and Credit Agreement Fees	(1,904)	(2,359)	455	22
23     Net cash provided by financing activities	<u>(1,904)</u>	<u>(2,359)</u>	<u>455</u>	23
24				24
25     Net increase (decrease) in cash and short-term investments	163,950	96,975	66,975	25
26     Cash and short-term investments, Beginning	483,870	483,870	0	26
27 <b>Cash and short-term investments, Ending</b>	<u>\$ 647,820</u>	<u>\$ 580,845</u>	<u>\$ 66,975</u>	27
28				28
29 <b>Note: Beginning budgeted Cash and Short-term investments adjusted to actual for comparative purposes.</b>				29

TEXAS WINDSTORM INSURANCE ASSOCIATION

HISTORICAL DATA  
1971 - 2023  
(\$ with 000's omitted)

YEAR	GROSS					NET				CRTF BALANCE END OF PERIOD	
	LIABILITY IN FORCE END OF PERIOD	POLICY COUNT	RATE CHANGES RESID COMMML		WRITTEN PREMIUMS	LOSS & LAE INCURRED	EARNED PREMIUMS	LOSS & LAE INCURRED	UNDERWRITING EXPENSES INCURRED		UNDERWRITING GAIN (LOSS)
1971	\$ 278,710	13,415			\$ 2,393	\$ 92	\$ 868	\$ 92	\$ 385	\$ 391	
1972	739,983	33,577			4,138	214	3,468	214	849	2,405	
1973	1,017,048	45,743			4,286	1,427	4,286	1,427	1,099	1,763	
1974	1,064,772	45,901			4,512	452	4,378	452	1,106	2,819	
1975	1,169,763	46,365			6,036	592	5,263	592	1,417	3,254	
1976	1,387,252	48,747			8,130	231	6,953	231	1,878	4,844	
1977	1,616,220	51,382			9,922	203	9,080	203	2,258	6,619	
1978	1,633,521	48,820			10,523	296	10,249	296	2,329	7,624	
1979	1,816,410	46,128			11,045	2,370	11,039	2,370	2,178	6,490	
1980	1,936,388	43,613			9,675	14,217	10,245	14,217	2,079	(6,051)	
1981	2,105,244	42,495			9,137	2,715	9,313	2,715	2,097	4,501	
1982	2,285,594	51,034			8,641	982	9,106	982	2,095	6,029	
1983	2,165,231	44,894			6,900	157,112	7,585	157,112	1,937	(151,463)	
1984	3,178,079	51,311			9,450	1,294	7,989	1,294	2,493	4,202	
1985	4,061,660	57,181			18,232	1,510	3,534	1,510	3,638	(1,614)	
1986	4,510,378	60,028			20,987	1,202	5,229	1,202	3,997	30	
1987	4,401,486	57,976			20,532	2,555	4,931	2,555	4,091	(1,715)	
1988	4,266,615	56,773	-5.4%	-15.0%	19,061	2,509	3,551	2,509	4,066	(3,024)	
1989	4,236,600	55,401	-	-	18,066	14,176	5,330	14,176	4,037	(12,883)	
1990	4,248,611	56,155	3.1%	-2.1%	18,244	1,590	16,761	1,590	4,171	11,000	
1991	4,346,209	54,145	25.0%	-2.0%	20,504	1,783	7,167	1,783	4,343	1,042	
1992	5,155,790	55,471	-20% (I)/-75% (B)	-22.9%	11,495	1,321	4,014	1,321	4,220	(1,527)	
1993	6,500,165	56,921	30.0%	-	19,377	4,778	123,515	4,778	5,161	113,576	
1994	7,645,176	63,348	-	-	26,545	1,572	25,692	1,572	6,982	17,138	124,847
1995	8,828,140	69,807	25.0%	-	32,419	4,033	29,016	4,033	8,119	16,864	151,284
1996	10,001,843	72,977	-	-	40,359	1,484	37,153	1,484	10,627	25,042	179,020
1997	10,907,937	75,361	-	-	42,463	4,133	41,045	4,133	11,038	25,874	216,896
1998	11,633,935	77,261	0.2%	-3.0%	44,411	27,235	28,256	27,235	12,181	(11,160)	238,221
1999	11,972,502	75,947	-9.4%	-	44,581	11,320	28,702	11,320	11,524	5,858	250,403
2000	12,052,604	73,815	-	9.0%	48,012	7,937	28,470	7,937	11,681	8,852	268,563
2001	13,249,407	77,022	18.5%	4.0%	54,631	8,011	31,112	8,011	12,936	10,165	280,063
2002	16,003,048	85,668	-	5.0%	72,968	32,359	44,516	32,359	16,584	(4,427)	303,185
2003	18,824,457	96,420	-	10.0%	87,987	24,955	51,702	24,955	19,682	7,065	305,599
2004	20,796,656	103,503	9.6%	10.0%	102,384	6,115	52,230	6,115	21,911	24,204	308,729
2005	23,263,934	109,693	-	10.0%	113,928	178,370	65,438	178,370	25,277	(138,209)	311,508
2006	38,313,022	143,999	3.1%	13.4%	196,833	5,188	85,467	5,188	37,138	43,141	361,823
2007	58,641,546	216,008	4.2%	3.7%	315,139	17,985	135,843	17,985	51,768	66,090	388,542
2008	58,585,060	215,537	8.2%	5.4%	331,049	2,587,123	(138,560)	1,117,123	53,759	(1,309,442)	-
2009	61,700,891	230,545	12.3%	15.6%	382,342	(486,314)	389,600	(183,974)	87,899	485,675	-
2010	67,452,357	242,664	-	-	385,550	555,025	351,730	252,685	85,598	13,447	76,334
2011	71,083,333	255,945	5.0%	5.0%	403,748	202,539	321,771	202,539	81,665	37,577	146,650
2012	74,186,949	266,726	5.0%	5.0%	443,480	401,873	321,122	401,873	93,583	(174,334)	178,902
2013	76,921,369	270,814	5.0%	5.0%	472,739	30,975	295,130	30,975	100,524	163,631	186,184
2014	78,763,302	275,626	5.0%	5.0%	494,036	(13,994)	367,555	(13,994)	109,189	272,360	216,813
2015	78,551,742	272,219	5.0%	5.0%	503,824	178,886	377,594	178,886	114,973	83,736	487,170
2016	73,393,573	254,346	5.0%	5.0%	487,354	38,669	370,404	38,625	109,756	222,023	587,860
2017	65,023,810	231,567	-	-	423,074	1,476,861	347,354	1,475,302	97,878	(1,225,826)	1,220
2018	58,041,760	202,208	5.0%	5.0%	395,552	175,718	301,515	175,998	96,399	29,118	5,986
2019	55,189,815	189,203	-	-	372,017	113,513	287,477	113,398	92,415	81,664	122,496
2020	55,009,638	184,890	-	-	369,600	118,669	261,574	118,470	90,594	52,510	179,174
2021	59,543,596	193,002	-	-	395,113	19,026	276,372	19,048	95,623	161,701	182,712
2022	75,698,532	222,480	5.0%	5.0%	518,299	51,213	311,395	51,248	120,093	140,054	190,004
2023	95,677,314	247,531	0.0%	0.0%	653,043	91,367	371,366	91,373	140,022	139,972	283,006
<b>TOTAL*</b>					<b>8,524,766</b>	<b>6,085,466</b>	<b>5,771,908</b>	<b>4,613,892</b>	<b>1,889,341</b>	<b>(731,325)</b>	

\*2023 data through 12/31/2023.

## 6. Actuarial

### 6A. Reserve Adequacy



---

## MEMORANDUM

---

DATE: February 1, 2024

TO: David Durden  
General Manager

FROM: James C. Murphy, FCAS, MAAA  
Chief Actuary, Vice President – Enterprise Analytics

RE: TWIA Reserve Adequacy as of December 31, 2023

---

The TWIA actuarial staff has completed a review of Texas Windstorm Insurance Association loss and loss adjustment expense reserves as of December 31, 2023.

After reviewing recently settled and remaining outstanding claims, the ultimate estimate for Hurricane Harvey has been reduced \$5 million to 1.655 billion. The actual ultimate costs of Hurricane Harvey may still differ substantially from the selected ultimate estimate due to variability in the outcome of disputed claims.

As of December 31, 2023, TWIA carried \$45.1 million in total gross loss and loss adjustment expense reserves. The total gross loss and loss adjustment expense reserves include the reserves for Hurricanes Harvey, Delta, Laura, Hanna, Nicholas, and all other outstanding claims.

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

JM



## 6B. Policy Count/Exposures

**Texas Windstorm Insurance Association**  
**Statistical Report**  
As of December 31, 2023



County	<u>Policies In-Force</u>		<u>PIF Growth</u>		<u>Exposure In-Force</u>		<u>Exposure Growth</u>		<u>YTD Written Premium</u>		<u>Premium Growth</u>	
	12/31/22	12/31/23	Actual	Percentage	12/31/22	12/31/23	Actual	Percentage	12/31/22	12/31/23	Actual	Percentage
Aransas	6,947	7,727	780	11.20%	2,642,897,689	3,346,467,200	\$703,569,511	26.60%	19,313,927	25,279,857	\$5,965,930	30.90%
Brazoria	38,311	45,072	6,761	17.60%	12,709,825,192	16,956,885,800	\$4,247,060,608	33.40%	81,479,686	106,463,098	\$24,983,412	30.70%
Calhoun	4,240	4,463	223	5.30%	1,242,546,730	1,437,140,700	\$194,593,970	15.70%	9,611,792	11,054,424	\$1,442,632	15.00%
Cameron	9,904	11,316	1,412	14.30%	3,395,625,437	4,621,583,900	\$1,225,958,463	36.10%	23,505,568	34,091,888	\$10,586,320	45.00%
Chambers	5,485	6,682	1,197	21.80%	2,089,653,087	2,817,767,800	\$728,114,713	34.80%	12,613,242	16,666,429	\$4,053,187	32.10%
Galveston	70,774	77,912	7,138	10.10%	26,820,795,607	32,904,818,800	\$6,084,023,193	22.70%	185,294,464	223,308,585	\$38,014,121	20.50%
Harris	3,915	4,311	396	10.10%	1,402,373,930	1,751,550,700	\$349,176,770	24.90%	6,920,885	8,622,317	\$1,701,432	24.60%
Jefferson	28,041	30,502	2,461	8.80%	7,636,901,287	9,537,343,100	\$1,900,441,813	24.90%	55,764,863	70,051,997	\$14,287,134	25.60%
Kenedy	25	33	8	32.00%	7,056,723	6,791,300	-\$265,423	-3.80%	56,331	34,946	-\$21,385	-38.00%
Kleberg	837	918	81	9.70%	218,873,032	299,643,600	\$80,770,568	36.90%	1,604,199	2,603,634	\$999,435	62.30%
Matagorda	4,949	5,314	365	7.40%	1,401,335,022	1,673,626,600	\$272,291,578	19.40%	9,697,375	11,762,888	\$2,065,513	21.30%
Nueces	41,030	44,287	3,257	7.90%	13,683,411,095	17,262,819,500	\$3,579,408,405	26.20%	95,319,703	121,873,493	\$26,553,790	27.90%
Refugio	372	430	58	15.60%	107,663,793	130,784,900	\$23,121,107	21.50%	889,956	1,064,965	\$175,009	19.70%
San Patricio	7,298	8,176	878	12.00%	2,236,207,332	2,798,896,700	\$562,689,368	25.20%	15,366,300	19,112,691	\$3,746,391	24.40%
Willacy	352	388	36	10.20%	103,366,001	131,193,100	\$27,827,099	26.90%	861,279	1,052,019	\$190,740	22.10%
<b>Total</b>	<b>222,480</b>	<b>247,531</b>	<b>25,051</b>	<b>11.30%</b>	<b>75,698,531,957</b>	<b>95,677,313,700</b>	<b>\$19,978,781,743</b>	<b>26.40%</b>	<b>518,299,570</b>	<b>653,043,231</b>	<b>\$134,743,661</b>	<b>26.00%</b>

**Texas Windstorm Insurance Association**  
 Quarterly Liability Report  
 As of December 31, 2023



Class of Business	Policies Written		Risks Written		Premium Written		Liability at End of Quarter		In-Force at End of Quarter	
	During Qtr	YTD	During Qtr	YTD	During Qtr	YTD	Direct	Indirect	Policies	Risks
<b>Aransas</b>										
Commercial	78	482	173	1,201	575,245	6,001,925	520,174,300	15,001,125	429	1,043
Manufactured Home	20	200	20	200	37,094	341,366	13,005,700	0	190	190
Residential	1,348	7,363	1,348	7,363	3,540,592	18,936,566	2,813,287,200	244,740,520	7,108	7,108
Total	1,446	8,045	1,541	8,764	4,152,931	25,279,857	3,346,467,200	259,741,645	7,727	8,341
<b>Brazoria</b>										
Commercial	163	875	335	1,649	1,865,353	9,187,253	810,137,500	25,944,659	818	1,531
Manufactured Home	56	274	56	274	99,380	542,738	20,741,000	0	267	267
Residential	9,226	45,478	9,226	45,478	20,269,634	96,733,107	16,126,007,300	2,208,015,860	43,987	43,987
SUM:	9,445	46,627	9,617	47,401	22,234,367	106,463,098	16,956,885,800	2,233,960,519	45,072	45,785
<b>Calhoun</b>										
Commercial	48	234	106	481	456,566	2,045,295	166,596,000	4,765,840	208	450
Manufactured Home	18	82	18	82	34,999	139,361	5,428,100	0	81	81
Residential	752	4,308	752	4,308	1,590,332	8,869,768	1,265,116,600	111,439,600	4,174	4,174
SUM:	818	4,624	876	4,871	2,081,897	11,054,424	1,437,140,700	116,205,440	4,463	4,705
<b>Cameron</b>										
Commercial	161	892	472	2,471	4,873,427	17,665,483	1,964,096,500	25,711,470	830	2,331
Manufactured Home	10	73	10	73	12,558	84,650	3,120,700	0	68	68
Residential	2,439	10,795	2,439	10,795	3,592,396	16,341,755	2,654,366,700	242,032,120	10,418	10,418
SUM:	2,610	11,760	2,921	13,339	8,478,381	34,091,888	4,621,583,900	267,743,590	11,316	12,817

**Texas Windstorm Insurance Association**  
 Quarterly Liability Report  
 As of December 31, 2023



Class of Business	Policies Written		Risks Written		Premium Written		Liability at End of Quarter		In-Force at End of Quarter	
	During Qtr	YTD	During Qtr	YTD	During Qtr	YTD	Direct	Indirect	Policies	Risks
<b>Chambers</b>										
Commercial	26	136	56	206	224,694	1,150,801	93,889,000	2,337,465	118	188
Manufactured Home	20	76	20	76	42,767	146,811	5,620,200	0	74	74
Residential	1,402	6,751	1,402	6,751	3,233,628	15,368,817	2,718,258,600	379,416,560	6,490	6,490
SUM:	1,448	6,963	1,478	7,033	3,501,089	16,666,429	2,817,767,800	381,754,025	6,682	6,752
<b>Galveston</b>										
Commercial	445	2,409	1,068	4,850	8,346,048	40,162,381	3,694,288,400	91,484,755	2,194	4,444
Manufactured Home	47	259	47	259	78,199	429,678	16,403,700	0	248	248
Residential	15,642	78,237	15,642	78,237	38,045,605	182,716,526	29,194,126,700	3,458,421,100	75,470	75,470
SUM:	16,134	80,905	16,757	83,346	46,469,852	223,308,585	32,904,818,800	3,549,905,855	77,912	80,162
<b>Harris</b>										
Commercial	19	95	30	322	130,145	1,944,202	217,441,000	6,606,720	88	258
Manufactured Home	1	6	1	6	1,572	8,568	327,000	0	6	6
Residential	893	4,373	893	4,373	1,413,188	6,669,547	1,533,782,700	206,402,940	4,217	4,217
SUM:	913	4,474	924	4,701	1,544,905	8,622,317	1,751,550,700	213,009,660	4,311	4,481
<b>Jefferson</b>										
Commercial	149	914	510	1,927	2,304,052	10,950,765	999,488,800	32,801,949	863	1,806
Manufactured Home	10	73	10	73	14,626	134,334	5,051,900	0	64	64
Residential	5,312	30,783	5,312	30,783	10,656,134	58,966,898	8,532,802,400	1,125,856,520	29,575	29,575
SUM:	5,471	31,770	5,832	32,783	12,974,812	70,051,997	9,537,343,100	1,158,658,469	30,502	31,445

**Texas Windstorm Insurance Association**  
 Quarterly Liability Report  
 As of December 31, 2023



Class of Business	Policies Written		Risks Written		Premium Written		Liability at End of Quarter		In-Force at End of Quarter	
	During Qtr	YTD	During Qtr	YTD	During Qtr	YTD	Direct	Indirect	Policies	Risks
<b>Kenedy</b>										
Commercial	0	1	0	5	0	-13,960	0	0	0	0
Manufactured Home	0	0	0	0	0	0	0	0	0	0
Residential	0	34	0	34	0	48,906	6,791,300	40,800	33	33
SUM:	0	35	0	39	0	34,946	6,791,300	40,800	33	33
<b>Kleberg</b>										
Commercial	10	55	11	107	27,830	1,038,672	63,289,000	2,066,490	53	105
Manufactured Home	0	3	0	3	0	6,799	259,500	0	3	3
Residential	173	901	173	901	296,359	1,558,163	236,095,100	26,080,360	862	862
SUM:	183	959	184	1,011	324,189	2,603,634	299,643,600	28,146,850	918	970
<b>Matagorda</b>										
Commercial	42	188	61	429	265,604	1,734,045	141,233,000	1,991,145	175	384
Manufactured Home	7	40	7	40	15,558	82,167	3,136,800	0	39	39
Residential	948	5,264	948	5,264	1,963,110	9,946,676	1,529,256,800	161,101,960	5,100	5,100
SUM:	997	5,492	1,016	5,733	2,244,272	11,762,888	1,673,626,600	163,093,105	5,314	5,523
<b>Nueces</b>										
Commercial	533	2,536	1,283	5,768	8,226,663	35,190,436	3,766,827,200	105,822,190	2,320	5,412
Manufactured Home	14	54	14	54	23,590	91,878	3,287,200	0	53	53
Residential	8,326	43,564	8,326	43,564	17,680,604	86,591,179	13,492,705,100	1,528,203,100	41,914	41,914
SUM:	8,873	46,154	9,623	49,386	25,930,857	121,873,493	17,262,819,500	1,634,025,290	44,287	47,379

**Texas Windstorm Insurance Association**  
 Quarterly Liability Report  
 As of December 31, 2023



Class of Business	Policies Written		Risks Written		Premium Written		Liability at End of Quarter		In-Force at End of Quarter	
	During Qtr	YTD	During Qtr	YTD	During Qtr	YTD	Direct	Indirect	Policies	Risks
<b>Refugio</b>										
Commercial	6	36	14	62	49,307	284,481	21,256,000	177,900	32	57
Manufactured Home	3	23	3	23	4,394	45,263	1,722,700	0	22	22
Residential	51	392	51	392	118,927	735,221	107,806,200	11,418,720	376	376
SUM:	60	451	68	477	172,628	1,064,965	130,784,900	11,596,620	430	455
<b>San Patricio</b>										
Commercial	57	308	139	588	338,672	2,557,050	221,689,800	5,172,835	279	535
Manufactured Home	9	61	9	61	22,399	115,979	4,498,900	0	59	59
Residential	1,427	8,133	1,427	8,133	2,984,063	16,439,662	2,572,708,000	321,392,400	7,838	7,838
SUM:	1,493	8,502	1,575	8,782	3,345,134	19,112,691	2,798,896,700	326,565,235	8,176	8,432
<b>Willacy</b>										
Commercial	5	32	20	73	21,272	263,909	25,696,000	99,900	31	72
Manufactured Home	0	11	0	11	0	19,443	742,100	0	10	10
Residential	63	354	63	354	127,445	768,667	104,755,000	7,389,760	347	347
SUM:	68	397	83	438	148,717	1,052,019	131,193,100	7,489,660	388	429
<b>Total All Counties</b>										
Commercial	1,742	9,193	4,278	20,139	27,704,878	130,162,738	12,706,102,500	319,984,443	8,438	18,616
Manufactured Home	215	1,235	215	1,235	387,136	2,189,035	83,345,500	0	1,184	1,184
Residential	48,002	246,730	48,002	246,730	105,512,017	520,691,458	82,887,865,700	10,031,952,320	237,909	237,909
SUM:	49,959	257,158	52,495	268,104	133,604,031	653,043,231	95,677,313,700	10,351,936,763	247,531	257,709

6C. Receive Report and Recommendations  
from the February 13, 2024 Meeting of the  
Actuarial and Underwriting Committee

There is no exhibit for this topic.



6D. Determination of 2024 Funding;  
Including Aon Modeling Update,  
Reinsurance Procurement and  
Determination of Probable Maximum Loss  
for a Catastrophe Year with a  
Probability of 1 in 100



## MEMORANDUM

---

DATE: February 1, 2024  
TO: David Durden, General Manager  
FROM: James Murphy, Chief Actuary | Vice President, Enterprise Analytics  
RE: 2024 Funding – 100-Year Probable Maximum Loss and Reinsurance

---

The Association is required by statute to maintain total available loss funding in an amount not less than the Association's probable maximum loss (PML) for a catastrophe year with a one-in-100-year probability. In support of this, the TWIA Actuarial & Underwriting Committee will meet on February 13, 2024 to develop its recommendations in determining the 100-year PML for the 2024 hurricane season. The Committee Chair, Debbie King, will present the Committee's recommendations at the TWIA Board of Directors meeting on February 20, 2024. To further assist the Board in its determination, I have prepared a resolution template for the current hurricane season, a summary of the Board resolutions from the 2023 hurricane season, and additional reference information and exhibits. TWIA's catastrophe modeler, Aon, has prepared a presentation for the Board, also attached, and will be in attendance at the February 20, 2024 Board meeting to discuss and answer any questions from the Board.

### Template for TWIA Board Resolutions for the 2024 Hurricane Season

Following is a template form to assist the Board in formulating resolutions for adoption at its February 20, 2024 meeting:

1. The Board agrees to average the results from the catastrophe models presented as a reference point for making the Board's determination of the 100-year PML using the following weighting: AIR \_\_\_% RMS \_\_\_% IF \_\_\_% RQE \_\_\_%.
2. The Board agrees that the model results based on [near] [long] term assumptions are preferable.
3. The Board agrees that the words, "total available loss funding" in statute contemplate [inclusion] [exclusion] of loss adjustment expenses in determining the probable maximum loss for the Association for a catastrophe year with a probability of one in one hundred.
4. The Board agrees based on the foregoing and the information presented that for catastrophe year 2024 the one in one hundred probable maximum loss amount is \$\_\_\_ billion.



5. The Board directs the Association's reinsurance broker to pursue placement of the reinsurance program for the 2024-2025 reinsurance contract year using a combination of catastrophe bonds and traditional reinsurance in an aggregate amount of \$\_\_\_ billion (\$\_\_\_ billion excess of \$2.45 billion) on the most favorable terms that can be achieved in the market.
6. Staff is authorized and directed to submit these resolutions and supporting information to the Texas Department of Insurance for any review or approval that may be required by the Commissioner of Insurance under law.

#### TWIA Board Resolutions for the 2023 Hurricane Season

The TWIA Board of Directors set the 100-year PML for the 2023 hurricane season at its January 19, 2023 meeting by assigning 100% weight to the RMS model based on long-term frequency assumptions and including loss adjustment expenses. The resulting PML was \$4.508 billion.

#### Additional Reference Information

Texas Administrative Code Rule §5.4160 requires the Association to discuss determining its one-in-100-year probable maximum loss for the year at the Association's first regular board meeting each year. Following the discussion at this meeting, the Association must determine its one in-100-year probable maximum loss for the year and disclose it to the Commissioner not later than April 1. The Association must disclose its method for determining its one-in-100-year probable maximum loss at the same time. The determination and information must be disclosed each year, regardless of whether the Association requests a reinsurance assessment.

Neither the statute nor TDI's rule guidance specify how the Association must determine its one-in-100-year probable maximum loss. However, the rule describes the information that must be included regarding the methodology used to determine the one-in-100-year probable maximum loss. This information has been provided in the attached summary. The rule can be found in its entirety online at the following link: [Rule §5.4160](#).

In 2019, the Texas Legislature enacted statutory changes that require the Association to assess its member insurers to pay for any reinsurance it purchases in excess of the Association's 1:100 statutory minimum funding level. Member assessments to pay for this excess reinsurance are distinct from member



assessments to pay losses and would not affect the Association's ability to assess member companies for excess losses incurred.

Sec. 2210.453(f) of the Texas Insurance Code prohibits the Association from purchasing reinsurance from an insurer or broker involved in the execution of a catastrophe model on which the Association relies in determining the probable maximum loss applicable for the period covered by the reinsurance. TWIA's reinsurance broker, Gallagher Re, has not been involved in the execution of any of the catastrophe models to be relied on by the Board in determining the 100-year probable maximum loss.

JM

Exhibit 1 - Annual Timetable

<b>Timing</b>	<b>Action</b>
<p>At the Association's first regular board meeting (February)</p>	<p>The association must discuss with the Board its methodology for determining its one-in-100-year probable maximum loss for the calendar year.</p> <p>The association must determine its one-in-100-year probable maximum loss for the calendar year</p> <p>In discussing its methodology, the Association must provide the information described in §5.4160(d) and make that information available to its members and the public.</p>
<p>After the first regular board meeting but not later than April 1</p>	<p>The Association must disclose to the Commissioner its one-in-100-year probable maximum loss for the calendar year and the Association's method for determining that probable maximum loss.</p>
<p>No later than the second regular board meeting (May)</p>	<p>If the Association elects to purchase coverage for reinsurance or alternative risk transfer mechanisms in excess of the one-in-100-year probable maximum loss, then the Association must also obtain a quote for coverage that provides funding equal to the one in 100-year probable maximum loss.</p> <p>The Association must provide each of the following to its board and make this information available to its members and the public:</p> <ul style="list-style-type: none"> <li>(1) the reinsurance or alternative risk transfer mechanism premium quote for coverage that provides funding equal to the one in 100-year probable maximum loss.</li> <li>(2) the total deposit premiums for all reinsurance or alternative risk transfer mechanism coverage for the year.</li> </ul> <p>If, at the time of the second regular board meeting of the calendar year, deposit premiums described above are not known, then the Association must provide its best estimate of those premiums to the board and make the estimate available to its members.</p>
<p>Following disclosure to the Commissioner of the one-in-100-year probable maximum loss</p>	<p>The department (TDI) will post one-in- 100-year probable maximum loss for the calendar year and the Association's method for determining that probable maximum loss on its website.</p>

<p>As soon as the Association knows the deposit premiums (June)</p>	<p>As soon as the Association knows the deposit premiums described in subsection (g) of this section, the Association must provide them to the board and make them available to its members.</p>
<p>Within a reasonable time after it knows its total reinsurance costs for that calendar year</p>	<p>If the Association must assess its members under Insurance Code §2210.453(d)(1) then the Association must request the Commissioner's approval within a reasonable time after it knows its total reinsurance costs for that calendar year.</p>
<p>By the later of either:  (A) 120 days after the date the Association receives the [member premium data that TDI provides under §5.4162(f) for that year; or  (B) December 1 of that year.</p>	<p>The Association must issue the assessment.</p>
<p>Within 30 days of receipt of notice of assessment.</p>	<p>Each member must remit to the Association payment in full of its assessed amount of any assessment levied by the Association within 30 days of receipt of notice of assessment.</p>

Exhibit 2

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

- (a) The Association may purchase reinsurance or use alternative risk financing mechanisms or both as necessary.
- (b) The Association shall maintain total available loss 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. If necessary, the required funding level shall be achieved through the purchase of reinsurance or the use of alternative financing mechanisms, or both, to operate in addition to or in concert with the trust fund, public securities, financial instruments, and assessments authorized by this chapter.
- (c) The attachment point for reinsurance purchased under this section may not be less than the aggregate amount of all funding available to the Association under Subchapter B-1.
- (d) The cost of the reinsurance purchased or alternative financing mechanisms used under this section in excess of the minimum funding level required by Subsection (b) shall be paid by assessments as provided by this subsection. The Association, with the approval of the commissioner, shall notify each member of the Association of the amount of the member's assessment under this subsection. The proportion of the cost to each insurer under this subsection shall be determined in the manner used to determine each insurer's participation in the Association for the year under Section 2210.052.
- (e) A member of the Association may not recoup an assessment paid under Subsection (d) through a premium surcharge or tax credit.
- (f) The association may not purchase reinsurance under this section from an insurer or broker involved in the execution of a catastrophe model on which the association relies in:
  - (1) determining the probable maximum loss applicable for the period covered by the reinsurance; or
  - (2) adopting rates under Section 2210.355.

Exhibit 3

**Information Required to be Disclosed to the Commissioner pursuant to §5.4160(d)**

In disclosing its method for determining its one-in-100-year probable maximum loss, the association must include:

- (1) the hurricane model or models it relied on, including the model vendors, the model names, and the versions of each model;
- (2) the in-force date and the total amount of direct exposures in force for the policy data used as the input for each hurricane model the association relied on;
- (3) all user-selected hurricane model input assumptions used with each hurricane model the association relied on;
- (4) the one-in-100-year probable maximum loss model output produced by each hurricane model the association relied on;
- (5) if the association relied on more than one hurricane model, the methodology the association used to blend or average the hurricane model outputs, including all weighting factors used; and
- (6) any adjustments the association or another party made to the one-in-100-year probable maximum loss model outputs or the blended or averaged output, including any adjustments to include loss adjustment expenses.





## MEMORANDUM

---

DATE: November 21, 2023

TO: David Durden  
General Manager

FROM: James C. Murphy, FCAS, MAAA  
Chief Actuary | Vice President, Enterprise Analytics

RE: Analysis of TWIA Growth

---

TWIA has been growing rapidly since 2021, with the policies in-force and direct liability having increased 27% and 57%, respectively, over the last two years. This growth has been driven both by insolvencies and the general constriction of the private market on the coast.

To better understand the growth and its impact on the Association, and prompted by questions raised by multiple Board members, I have prepared some additional exhibits to supplement the standard policy count and exposure exhibits included in each Board meeting's materials.

Following the Statistical and Quarterly Liability reports in this section, please find the following:

- A comparison of new vs. renewing business by policy and property characteristics, identifying fundamental differences between policies issued in the last twelve months and those that were insured by TWIA prior to that time;
- Several exhibits showing the geographic distribution of growth over the last year, both at a county and ZIP code level; and
- A high-level analysis of the impact of the growth on TWIA's funding, specifically the leveraged impact on reinsurance.

JM

Exhibit 4  
from December 2023 Board Meeting

**Texas Windstorm Insurance Association**  
**Statistical Report**  
As of September 30, 2023



County	<u>Policies In-Force</u>		<u>PIF Growth</u>		<u>Exposure In-Force</u>		<u>Exposure Growth</u>		<u>YTD Written Premium</u>		<u>Premium Growth</u>	
	9/30/22	9/30/23	Actual	Percentage	9/30/22	9/30/23	Actual	Percentage	9/30/22	9/30/23	Actual	Percentage
Aransas	6,833	7,593	760	11.10%	2,559,850,452	3,258,299,800	\$698,449,348	27.30%	15,996,212	21,126,926	\$5,130,714	32.10%
Brazoria	37,192	43,695	6,503	17.50%	12,067,270,887	16,030,880,200	\$3,963,609,313	32.80%	64,401,256	84,228,731	\$19,827,475	30.80%
Calhoun	4,186	4,454	268	6.40%	1,219,038,062	1,408,460,400	\$189,422,338	15.50%	7,720,784	8,971,136	\$1,250,352	16.20%
Cameron	9,995	10,694	699	7.00%	3,347,450,272	4,329,607,700	\$982,157,428	29.30%	17,458,483	25,613,507	\$8,155,024	46.70%
Chambers	5,252	6,398	1,146	21.80%	1,964,051,657	2,653,303,400	\$689,251,743	35.10%	10,025,429	13,165,340	\$3,139,911	31.30%
Galveston	69,814	76,687	6,873	9.80%	25,935,986,204	31,724,081,700	\$5,788,095,496	22.30%	146,556,412	176,838,733	\$30,282,321	20.70%
Harris	3,831	4,262	431	11.30%	1,345,861,000	1,714,052,000	\$368,191,000	27.40%	5,462,280	7,077,412	\$1,615,132	29.60%
Jefferson	27,806	30,277	2,471	8.90%	7,324,845,116	9,260,880,700	\$1,936,035,584	26.40%	45,262,495	57,077,185	\$11,814,690	26.10%
Kenedy	24	35	11	45.80%	6,819,741	6,955,300	\$135,559	2.00%	53,518	34,946	-\$18,572	-34.70%
Kleberg	820	903	83	10.10%	208,718,453	291,802,200	\$83,083,747	39.80%	1,301,095	2,279,445	\$978,350	75.20%
Matagorda	4,908	5,276	368	7.50%	1,363,794,629	1,636,561,900	\$272,767,271	20.00%	7,745,709	9,520,007	\$1,774,298	22.90%
Nueces	40,637	43,735	3,098	7.60%	13,097,317,231	16,619,975,600	\$3,522,658,369	26.90%	74,287,382	95,942,636	\$21,655,254	29.20%
Refugio	371	426	55	14.80%	106,490,828	127,317,700	\$20,826,872	19.60%	746,584	892,337	\$145,753	19.50%
San Patricio	7,200	8,075	875	12.20%	2,175,192,349	2,719,080,100	\$543,887,751	25.00%	12,580,535	15,767,557	\$3,187,022	25.30%
Willacy	350	378	28	8.00%	99,331,821	126,426,300	\$27,094,479	27.30%	733,970	903,302	\$169,332	23.10%
<b>Total</b>	<b>219,219</b>	<b>242,888</b>	<b>23,669</b>	<b>10.80%</b>	<b>72,822,018,702</b>	<b>91,907,685,000</b>	<b>\$19,085,666,298</b>	<b>26.20%</b>	<b>410,332,144</b>	<b>519,439,200</b>	<b>\$109,107,056</b>	<b>26.60%</b>

Exhibit 4  
from December 2023 Board Meeting

**Texas Windstorm Insurance Association**  
Quarterly Liability Report  
As of September 30, 2023



Class of Business	Policies Written		Risks Written		Premium Written		Liability at End of Quarter		In-Force at End of Quarter	
	During Qtr	YTD	During Qtr	YTD	During Qtr	YTD	Direct	Indirect	Policies	Risks
<b>Aransas</b>										
Commercial	149	404	322	1,021	1,515,499	5,426,680	547,679,000	15,561,555	432	1,031
Manufactured Home	60	180	60	180	104,957	304,272	12,888,200	0	193	193
Residential	2,720	6,012	2,720	6,012	7,145,017	15,395,974	2,697,732,600	233,294,740	6,968	6,968
<b>Total</b>	<b>2,929</b>	<b>6,596</b>	<b>3,102</b>	<b>7,213</b>	<b>8,765,473</b>	<b>21,126,926</b>	<b>3,258,299,800</b>	<b>248,856,295</b>	<b>7,593</b>	<b>8,192</b>
<b>Brazoria</b>										
Commercial	323	710	518	1,305	2,542,526	7,321,900	720,977,500	23,768,899	809	1,448
Manufactured Home	76	218	76	218	152,696	443,358	19,888,600	0	258	258
Residential	16,424	36,224	16,424	36,224	36,096,738	76,463,473	15,290,014,100	2,080,428,640	42,628	42,628
<b>SUM:</b>	<b>16,823</b>	<b>37,152</b>	<b>17,018</b>	<b>37,747</b>	<b>38,791,960</b>	<b>84,228,731</b>	<b>16,030,880,200</b>	<b>2,104,197,539</b>	<b>43,695</b>	<b>44,334</b>
<b>Calhoun</b>										
Commercial	87	186	161	369	510,429	1,588,729	157,714,000	4,527,340	207	442
Manufactured Home	25	63	25	63	41,392	104,362	5,011,100	0	75	75
Residential	1,532	3,549	1,532	3,549	3,223,478	7,278,045	1,245,735,300	108,768,860	4,172	4,172
<b>SUM:</b>	<b>1,644</b>	<b>3,798</b>	<b>1,718</b>	<b>3,981</b>	<b>3,775,299</b>	<b>8,971,136</b>	<b>1,408,460,400</b>	<b>113,296,200</b>	<b>4,454</b>	<b>4,689</b>
<b>Cameron</b>										
Commercial	294	731	623	1,997	3,641,717	12,792,056	1,878,591,000	25,165,890	825	2,247
Manufactured Home	27	63	27	63	31,749	72,092	3,246,700	0	70	70
Residential	3,497	8,347	3,497	8,347	5,559,250	12,749,359	2,447,770,000	233,381,400	9,799	9,799
<b>SUM:</b>	<b>3,818</b>	<b>9,141</b>	<b>4,147</b>	<b>10,407</b>	<b>9,232,716</b>	<b>25,613,507</b>	<b>4,329,607,700</b>	<b>258,547,290</b>	<b>10,694</b>	<b>12,116</b>

Exhibit 4  
from December 2023 Board Meeting

**Texas Windstorm Insurance Association**  
Quarterly Liability Report  
As of September 30, 2023



Class of Business	Policies Written		Risks Written		Premium Written		Liability at End of Quarter		In-Force at End of Quarter	
	During Qtr	YTD	During Qtr	YTD	During Qtr	YTD	Direct	Indirect	Policies	Risks
<b>Chambers</b>										
Commercial	61	108	79	148	442,923	926,107	94,482,000	2,337,465	122	189
Manufactured Home	25	56	25	56	40,747	104,044	5,076,800	0	68	68
Residential	2,426	5,344	2,426	5,344	5,714,063	12,135,189	2,553,744,600	354,247,960	6,208	6,208
SUM:	2,512	5,508	2,530	5,548	6,197,733	13,165,340	2,653,303,400	356,585,425	6,398	6,465
<b>Galveston</b>										
Commercial	819	1,959	1,538	3,772	12,018,782	31,816,333	3,612,112,000	87,962,390	2,226	4,439
Manufactured Home	78	212	78	212	128,239	351,479	16,644,400	0	255	255
Residential	25,102	62,540	25,102	62,540	59,534,112	144,670,921	28,095,325,300	3,306,219,540	74,206	74,206
SUM:	25,999	64,711	26,718	66,524	71,681,133	176,838,733	31,724,081,700	3,394,181,930	76,687	78,900
<b>Harris</b>										
Commercial	31	76	79	292	650,460	1,814,057	219,958,000	6,436,620	84	257
Manufactured Home	4	5	4	5	6,472	6,996	267,000	0	5	5
Residential	1,322	3,476	1,322	3,476	1,992,937	5,256,359	1,493,827,000	200,757,540	4,173	4,173
SUM:	1,357	3,557	1,405	3,773	2,649,869	7,077,412	1,714,052,000	207,194,160	4,262	4,435
<b>Jefferson</b>										
Commercial	354	764	713	1,409	4,526,592	8,646,713	926,779,800	27,165,619	851	1,662
Manufactured Home	23	63	23	63	43,849	119,708	5,131,400	0	65	65
Residential	11,198	25,452	11,198	25,452	22,436,067	48,310,764	8,328,969,500	1,093,772,500	29,361	29,361
SUM:	11,575	26,279	11,934	26,924	27,006,508	57,077,185	9,260,880,700	1,120,938,119	30,277	31,088

Exhibit 4  
from December 2023 Board Meeting

**Texas Windstorm Insurance Association**  
Quarterly Liability Report  
As of September 30, 2023



Class of Business	Policies Written		Risks Written		Premium Written		Liability at End of Quarter		In-Force at End of Quarter	
	During Qtr	YTD	During Qtr	YTD	During Qtr	YTD	Direct	Indirect	Policies	Risks
<b>Kenedy</b>										
Commercial	0	1	0	5	0	-13,960	0	0	0	0
Manufactured Home	0	0	0	0	0	0	0	0	0	0
Residential	19	34	19	34	29,429	48,906	6,955,300	40,800	35	35
SUM:	19	35	19	39	29,429	34,946	6,955,300	40,800	35	35
<b>Kleberg</b>										
Commercial	18	45	27	96	97,933	1,010,842	65,157,000	2,166,450	55	110
Manufactured Home	1	3	1	3	3,013	6,799	259,500	0	3	3
Residential	327	727	327	727	600,164	1,261,804	226,385,700	24,626,440	845	845
SUM:	346	775	355	826	701,110	2,279,445	291,802,200	26,792,890	903	958
<b>Matagorda</b>										
Commercial	59	146	85	368	448,587	1,468,441	141,959,000	1,931,145	178	387
Manufactured Home	11	33	11	33	22,892	66,609	2,846,000	0	36	36
Residential	1,724	4,312	1,724	4,312	3,319,305	7,984,957	1,491,756,900	156,168,100	5,062	5,062
SUM:	1,794	4,491	1,820	4,713	3,790,784	9,520,007	1,636,561,900	158,099,245	5,276	5,485
<b>Nueces</b>										
Commercial	778	2,000	1,681	4,465	9,781,838	26,963,773	3,573,832,300	97,211,415	2,302	5,252
Manufactured Home	21	40	21	40	33,451	68,288	2,993,200	0	48	48
Residential	13,992	35,187	13,992	35,187	28,445,752	68,910,575	13,043,150,100	1,477,196,060	41,385	41,385
SUM:	14,791	37,227	15,694	39,692	38,261,041	95,942,636	16,619,975,600	1,574,407,475	43,735	46,685

Exhibit 4  
from December 2023 Board Meeting

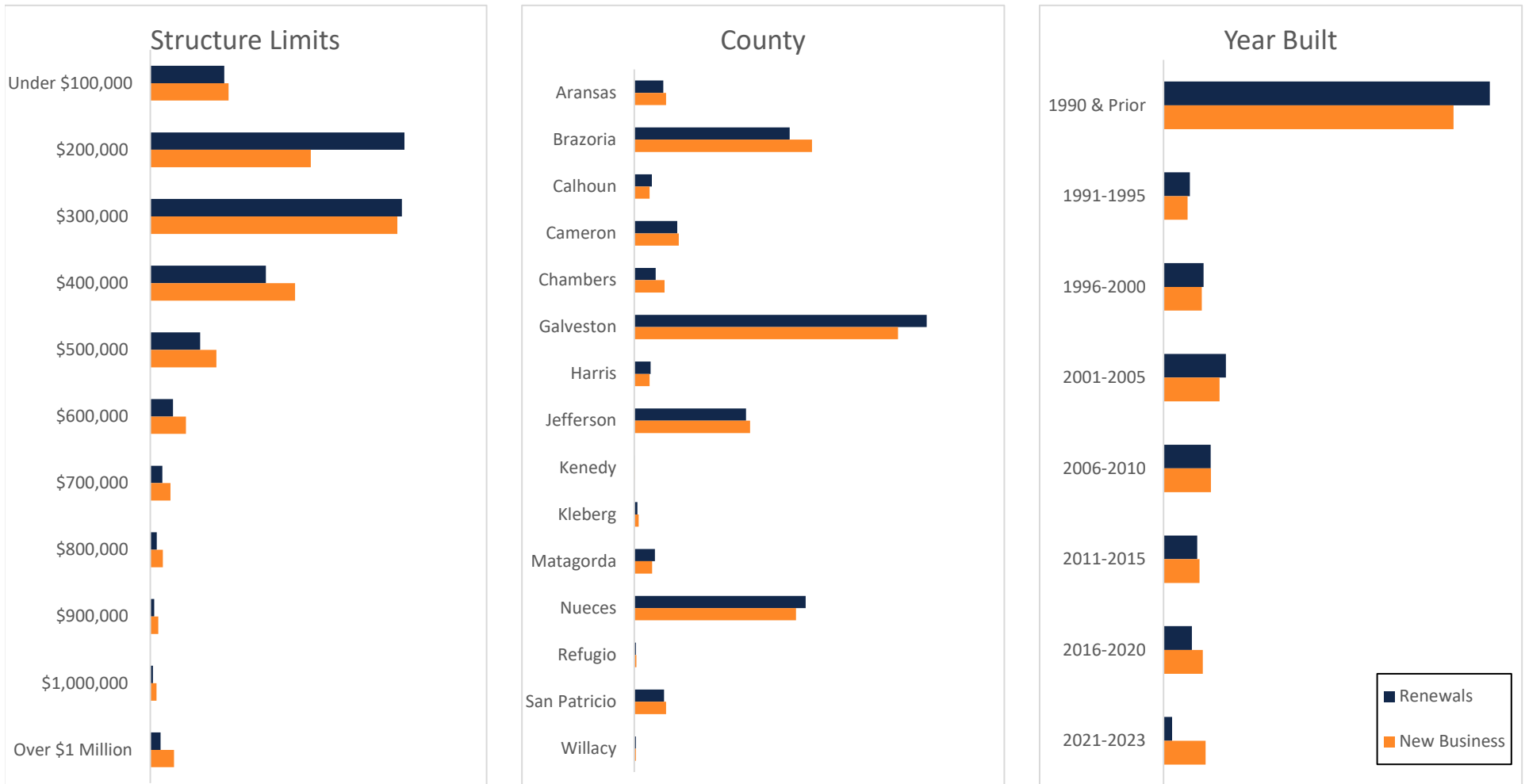
**Texas Windstorm Insurance Association**  
Quarterly Liability Report  
As of September 30, 2023



Class of Business	Policies Written		Risks Written		Premium Written		Liability at End of Quarter		In-Force at End of Quarter	
	During Qtr	YTD	During Qtr	YTD	During Qtr	YTD	Direct	Indirect	Policies	Risks
<b>Refugio</b>										
Commercial	17	30	30	48	176,057	235,174	20,729,000	177,900	31	52
Manufactured Home	5	20	5	20	9,406	40,869	1,742,700	0	22	22
Residential	138	341	138	341	279,016	616,294	104,846,000	10,961,560	373	373
SUM:	160	391	173	409	464,479	892,337	127,317,700	11,139,460	426	447
<b>San Patricio</b>										
Commercial	96	250	157	448	755,373	2,218,378	221,293,500	5,846,170	278	497
Manufactured Home	19	52	19	52	32,243	93,580	4,014,600	0	56	56
Residential	2,957	6,703	2,957	6,703	6,447,582	13,455,599	2,493,772,000	310,676,680	7,741	7,741
SUM:	3,072	7,005	3,133	7,203	7,235,198	15,767,557	2,719,080,100	316,522,850	8,075	8,294
<b>Willacy</b>										
Commercial	11	27	16	53	74,674	242,637	26,440,000	99,900	32	73
Manufactured Home	3	11	3	11	7,865	19,443	742,100	0	10	10
Residential	128	291	128	291	305,283	641,222	99,244,200	6,818,740	336	336
SUM:	142	329	147	355	387,822	903,302	126,426,300	6,918,640	378	419
<b>Total All Counties</b>										
Commercial	3,097	7,437	6,029	15,796	37,183,390	102,457,860	12,207,704,100	300,358,758	8,432	18,086
Manufactured Home	378	1,019	378	1,019	658,971	1,801,899	80,752,300	0	1,164	1,164
Residential	83,506	198,539	83,506	198,539	181,128,193	415,179,441	79,619,228,600	9,597,359,560	233,292	233,292
SUM:	86,981	206,995	89,913	215,354	218,970,554	519,439,200	91,907,685,000	9,897,718,318	242,888	252,542



**Texas Windstorm Insurance Association**  
**Analysis of Growth**  
**Distribution of New Business vs Renewals**  
 by Policy and Property Characteristics  
 Policies In-Force as of 9/30/2023

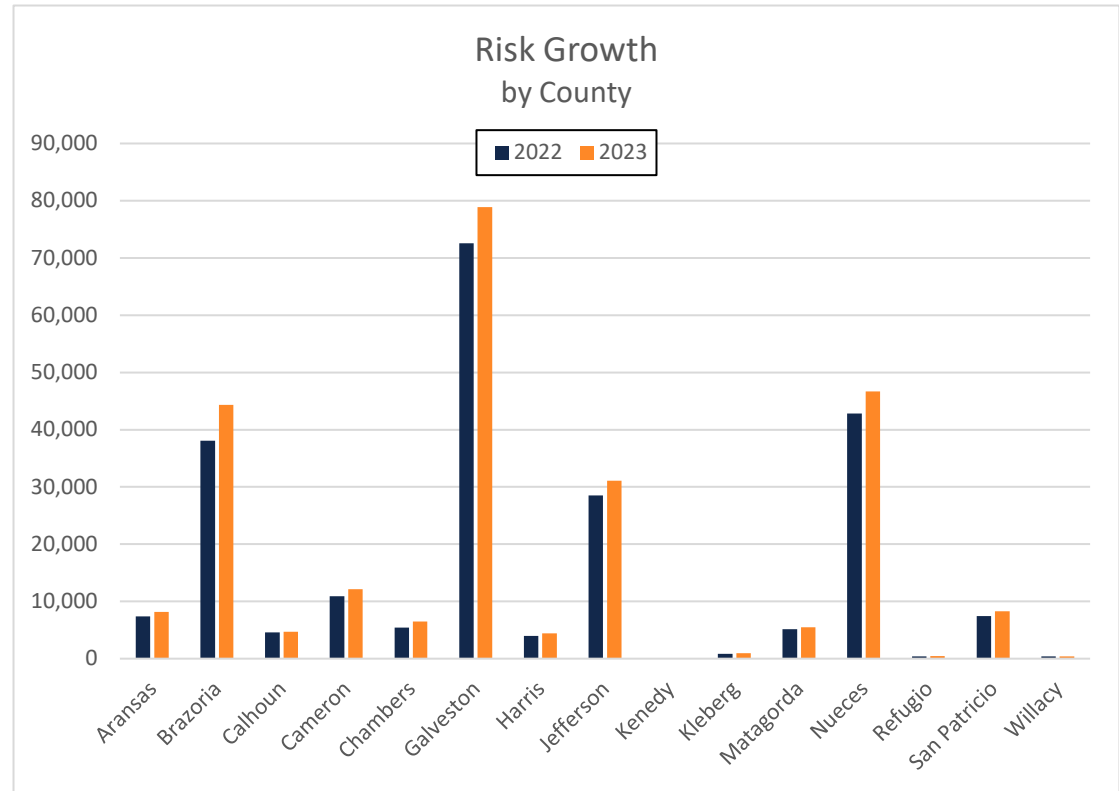


Occupancy, construction type, roof year, and building code were also examined but did not show significant differences



**Texas Windstorm Insurance Association**  
**Analysis of Growth**  
**Risks In-Force**  
by County  
as of September 30, 2022-2023

County	Risks In-Force *		Growth	%
	2022	2023		
Aransas	7,380	8,192	812	11.0%
Brazoria	38,057	44,334	6,277	16.5%
Calhoun	4,593	4,689	96	2.1%
Cameron	10,908	12,116	1,208	11.1%
Chambers	5,442	6,465	1,023	18.8%
Galveston	72,588	78,900	6,312	8.7%
Harris	3,998	4,435	437	10.9%
Jefferson	28,522	31,088	2,566	9.0%
Kenedy	33	35	2	6.1%
Kleberg	866	958	92	10.6%
Matagorda	5,124	5,485	361	7.0%
Nueces	42,803	46,685	3,882	9.1%
Refugio	412	447	35	8.5%
San Patricio	7,426	8,294	868	11.7%
Willacy	394	419	25	6.3%
<b>Total</b>	<b>228,546</b>	<b>252,542</b>	<b>23,996</b>	<b>10.5%</b>



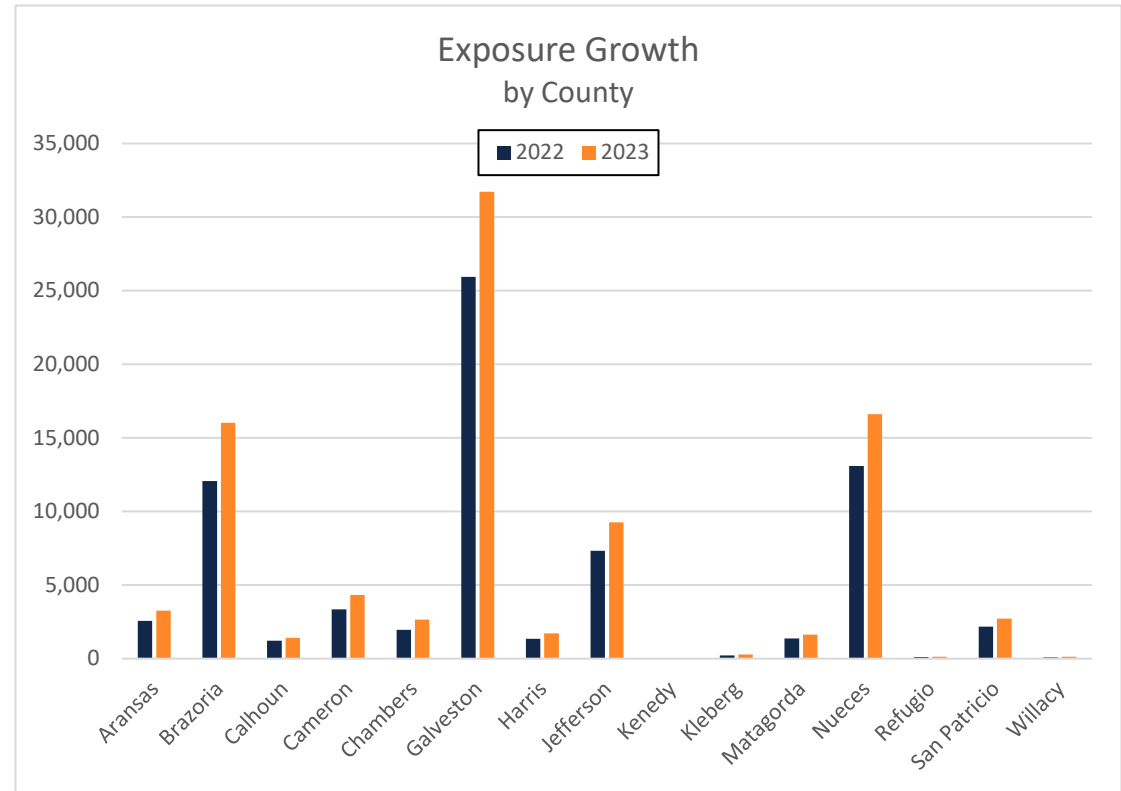
\* Risks in-force count each location separately on multi-location policies





**Texas Windstorm Insurance Association**  
**Analysis of Growth**  
**Exposures In-Force**  
by County  
as of September 30, 2022-2023

County	Direct Liability In-Force (\$M) *			
	2022	2023	Growth	%
Aransas	2,561	3,258.3	697.3	27.2%
Brazoria	12,068	16,030.9	3,962.8	32.8%
Calhoun	1,219	1,408.5	189.4	15.5%
Cameron	3,347	4,329.6	982.2	29.3%
Chambers	1,964	2,653.3	689.3	35.1%
Galveston	25,936	31,724.1	5,788.3	22.3%
Harris	1,346	1,714.1	368.2	27.4%
Jefferson	7,325	9,260.9	1,936.0	26.4%
Kenedy	7	7.0	0.1	2.0%
Kleberg	209	291.8	83.1	39.8%
Matagorda	1,363	1,636.6	273.4	20.1%
Nueces	13,097	16,620.0	3,522.7	26.9%
Refugio	106	127.3	20.8	19.6%
San Patricio	2,174	2,719.1	545.1	25.1%
Willacy	99	126.4	27.1	27.3%
<b>Total</b>	<b>72,822.0</b>	<b>91,907.7</b>	<b>19,085.7</b>	<b>26.2%</b>



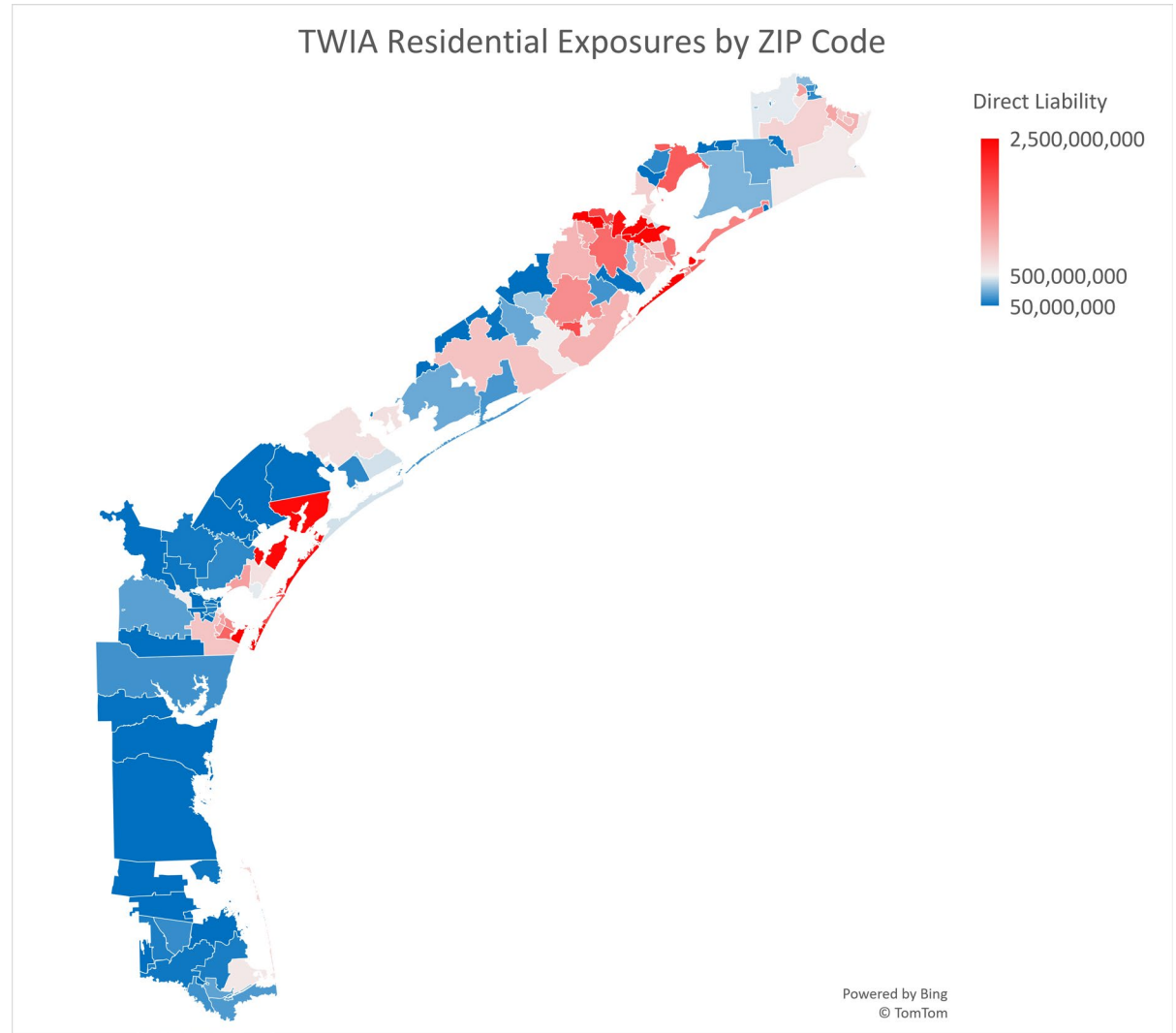
\* Direct liability includes structure and contents coverage and excludes business interruption coverage



**Texas Windstorm Insurance Association**  
**Analysis of Growth**  
**Residential Exposures In-Force**  
by ZIP Code  
as of September 30, 2023

Top 25 ZIP codes

ZIP Code	Description	Direct Liability
77573	League City	7,793,503,100
77554	Galveston	4,009,348,100
77584	Pearland	3,544,878,800
78418	Corpus Christi	2,970,859,900
77539	Dickinson	2,458,540,400
78382	Rockport	2,431,019,200
77546	Friendswood	2,373,145,900
77581	Pearland	1,941,248,500
78373	Port Aransas	1,876,624,600
77566	Lake Jackson	1,843,949,100
77523	Baytown	1,737,996,900
77550	Galveston	1,731,875,500
78414	Corpus Christi	1,675,676,300
77511	Alvin	1,612,203,700
77590	Texas City	1,560,541,600
77650	Port Bolivar	1,423,685,400
78412	Corpus Christi	1,355,360,300
77515	Angleton	1,331,437,200
77551	Galveston	1,321,981,400
77568	La Marque	1,288,192,000
77706	Beaumont	1,189,940,600
78374	Portland	1,187,375,900
78411	Corpus Christi	1,159,942,900
77578	Manvel	1,136,077,900
77627	Nederland	1,126,361,900

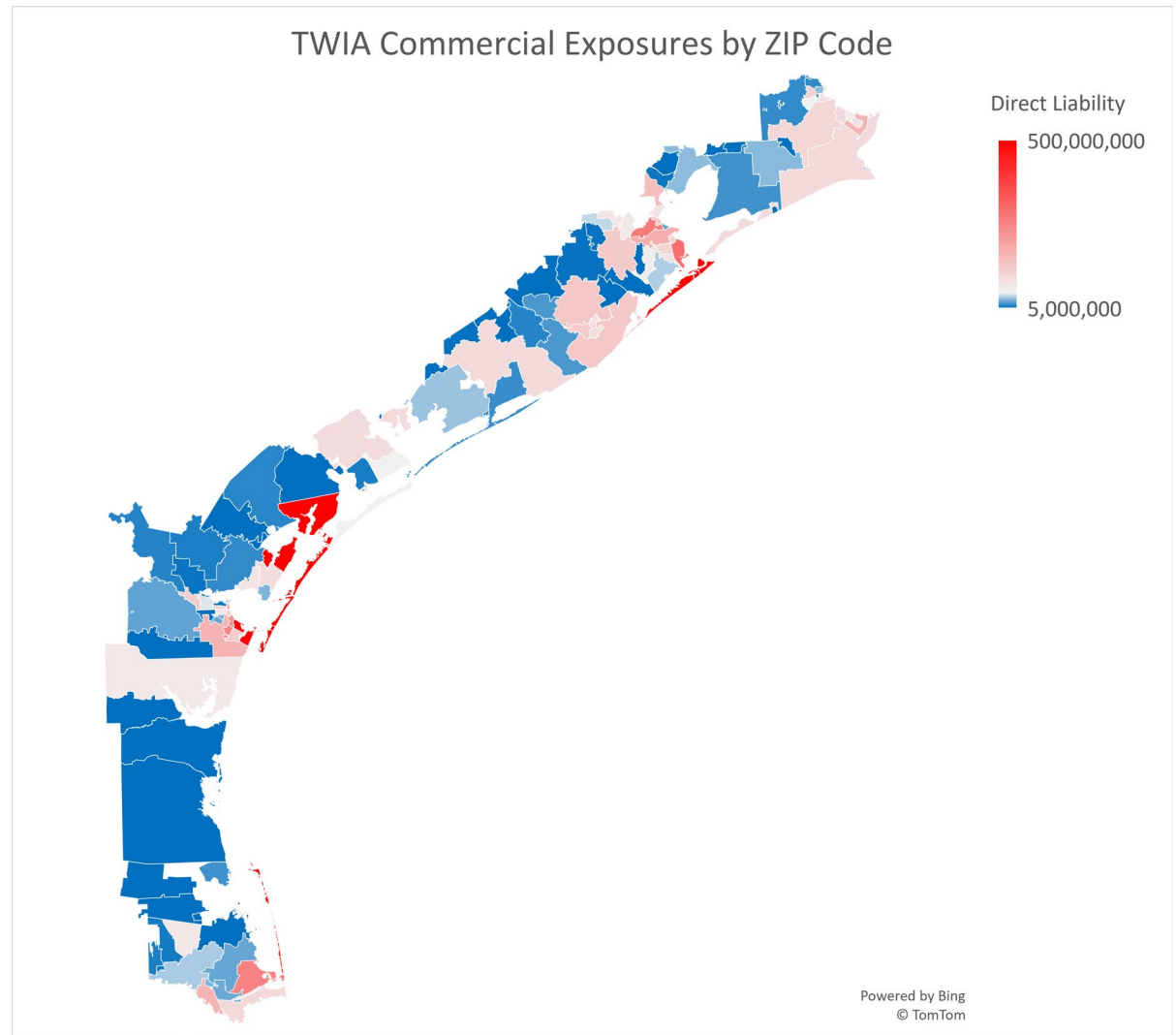




**Texas Windstorm Insurance Association**  
**Analysis of Growth**  
**Commercial Exposures In-Force**  
by ZIP Code  
as of September 30, 2023

Top 25 ZIP codes

ZIP Code	Description	Direct Liability
78597	South Padre Island	1,024,015,000
77550	Galveston	960,566,000
78373	Port Aransas	948,475,800
77554	Galveston	667,699,000
78418	Corpus Christi	629,593,000
77551	Galveston	576,025,000
78412	Corpus Christi	524,456,000
78382	Rockport	501,172,000
77590	Texas City	293,377,000
77573	League City	272,820,000
78578	Port Isabel	257,005,000
78413	Corpus Christi	249,972,000
78411	Corpus Christi	220,674,000
77539	Dickinson	176,229,000
78415	Corpus Christi	164,931,500
78520	Brownsville	163,976,000
77642	Port Arthur	163,258,000
78401	Corpus Christi	149,691,000
77571	La Porte	144,095,000
77515	Angleton	130,789,000
77541	Freeport	126,065,000
77511	Alvin	123,897,000
77565	Kemah	123,602,000
78414	Corpus Christi	121,416,000
77566	Lake Jackson	120,996,000

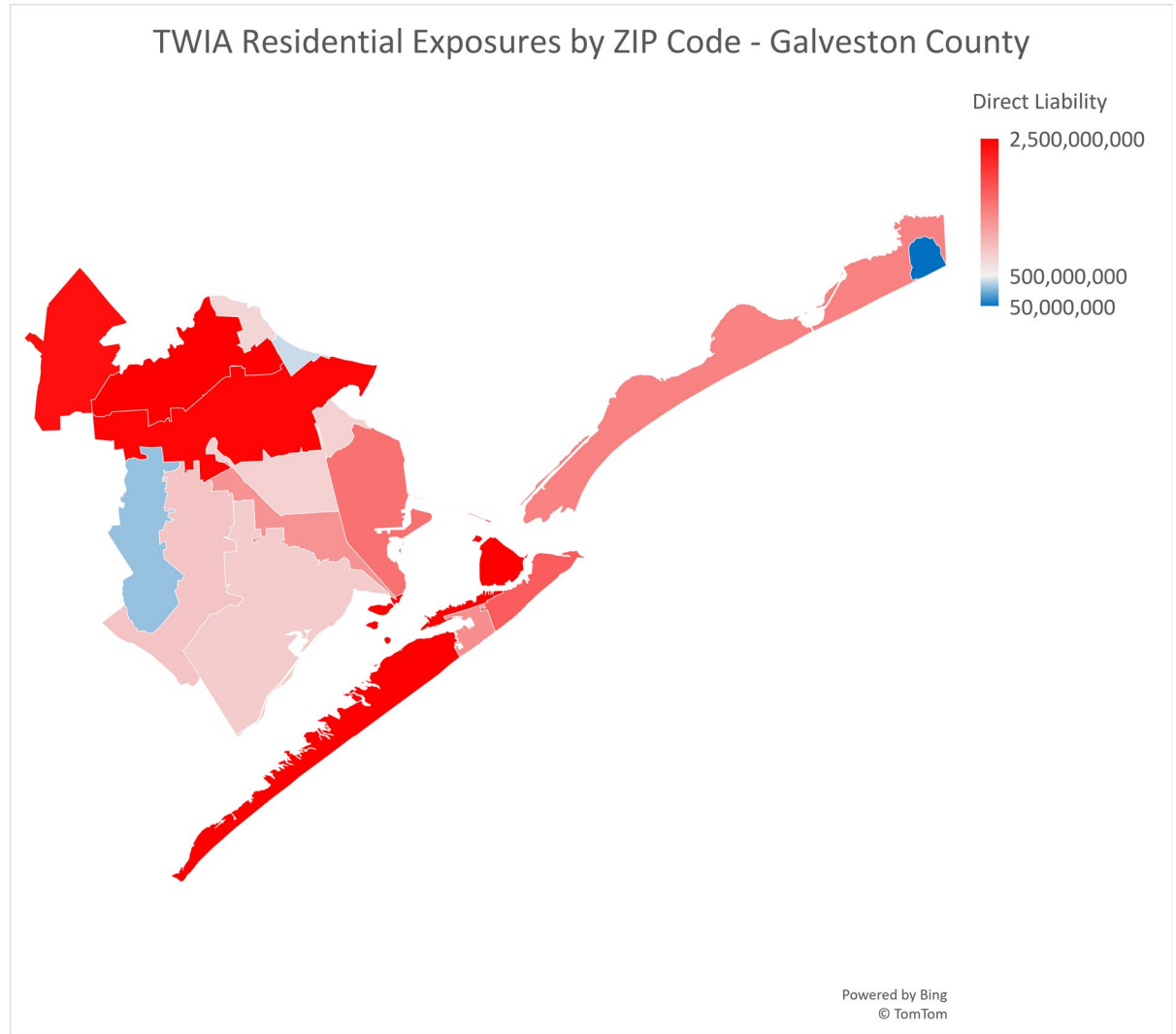




**Texas Windstorm Insurance Association**  
**Analysis of Growth**  
**Residential Exposures In-Force**  
 by ZIP Code - Galveston County  
 as of September 30, 2023

Galveston County

ZIP Code	Description	Direct Liability
77573	League City	7,793,503,100
77554	Galveston	4,009,348,100
77539	Dickinson	2,458,540,400
77546	Friendswood	2,373,145,900
77550	Galveston	1,731,875,500
77590	Texas City	1,560,541,600
77650	Port Bolivar	1,423,685,400
77551	Galveston	1,321,981,400
77568	La Marque	1,288,192,000
77510	Santa Fe	876,628,500
77563	Hitchcock	817,507,100
77591	Texas City	771,477,400
77565	Kemah	727,373,900
77518	Bacliff	424,647,900
77517	Santa Fe	329,734,300
77617	Gilchrist	126,190,600
77623	High Island	16,579,000
77553	Galveston	5,757,400



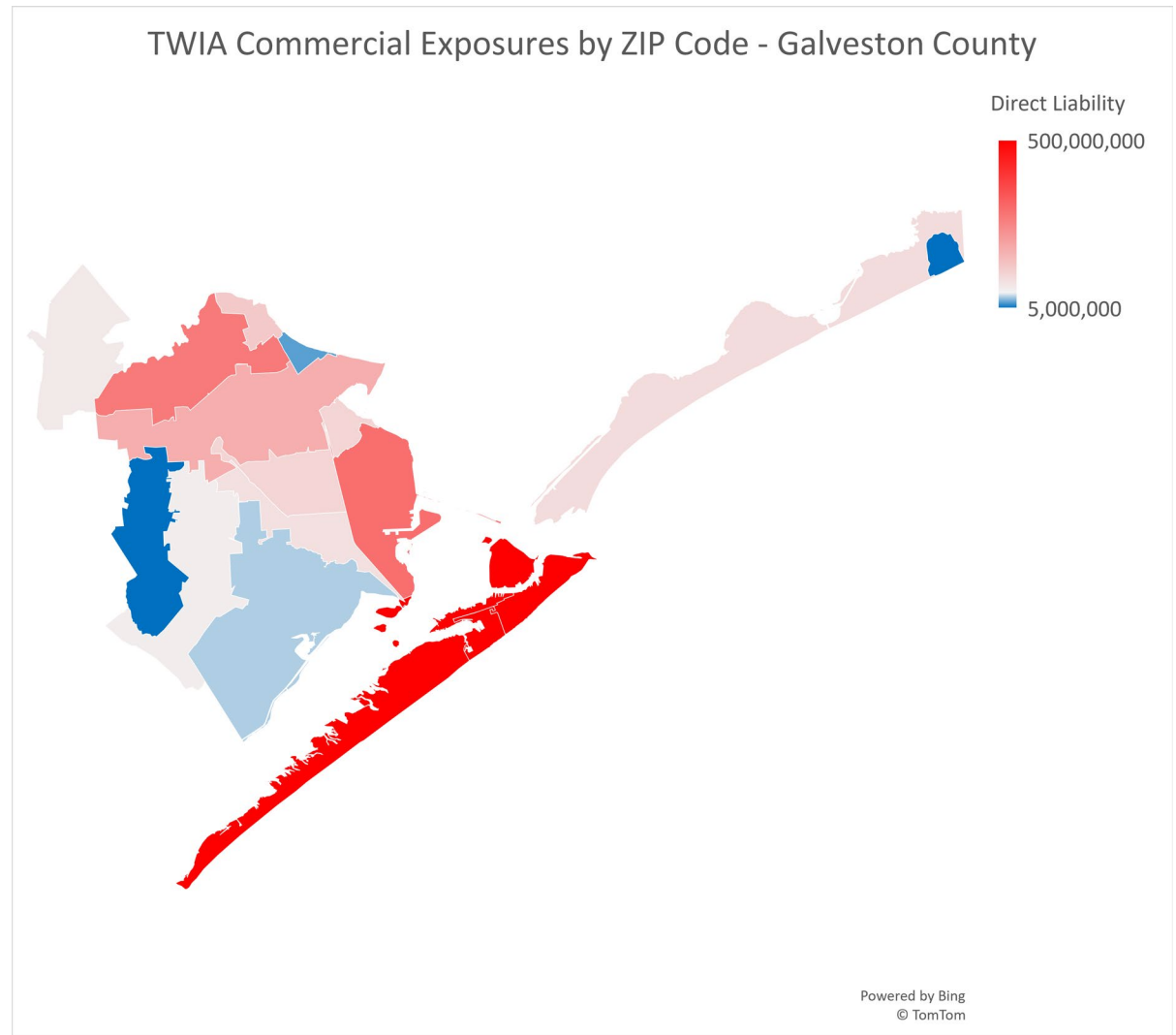
**Texas Windstorm Insurance Association**  
**Analysis of Growth**  
**Commercial Exposures In-Force**



as of September 30, 2023

Galveston County

ZIP Code	Description	Direct Liability
77550	Galveston	960,566,000
77554	Galveston	667,699,000
77551	Galveston	576,025,000
77590	Texas City	293,377,000
77573	League City	272,820,000
77539	Dickinson	176,229,000
77565	Kemah	123,602,000
77591	Texas City	104,120,000
77650	Port Bolivar	90,165,000
77568	La Marque	84,142,000
77553	Galveston	73,033,000
77546	Friendswood	67,180,000
77510	Santa Fe	58,903,000
77563	Hitchcock	37,591,000
77518	Bacliff	21,607,000
77617	Gilchrist	14,049,000
77517	Santa Fe	4,801,000
77623	High Island	3,620,000

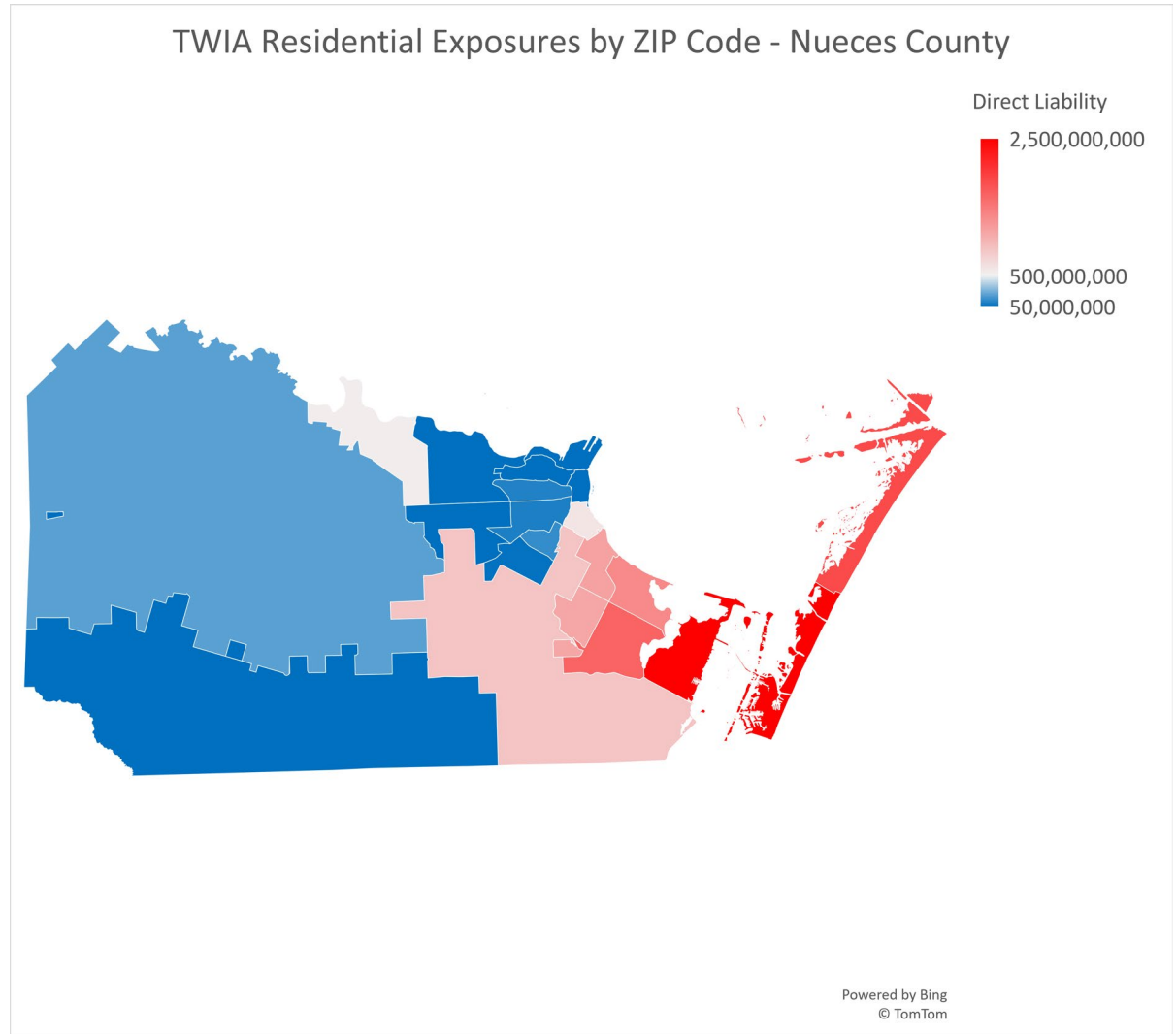




**Texas Windstorm Insurance Association**  
**Analysis of Growth**  
**Residential Exposures In-Force**  
 by ZIP Code - Nueces County  
 as of September 30, 2023

Nueces County

ZIP Code	Description	Direct Liability
78418	Corpus Christi	2,970,859,900
78373	Port Aransas	1,876,624,600
78414	Corpus Christi	1,675,676,300
78412	Corpus Christi	1,355,360,300
78411	Corpus Christi	1,159,942,900
78413	Corpus Christi	1,115,697,300
78415	Corpus Christi	878,516,100
78404	Corpus Christi	603,360,700
78410	Corpus Christi	542,576,300
78380	Robstown	218,079,900
78416	Corpus Christi	148,743,600
78408	Corpus Christi	112,350,000
78405	Corpus Christi	103,684,000
78417	Corpus Christi	57,975,200
78343	Bishop	35,284,700
78402	Corpus Christi	34,063,400
78409	Corpus Christi	28,311,000
78401	Corpus Christi	22,130,000
78407	Corpus Christi	22,118,400
78330	Agua Dulce	4,648,700
78406	Corpus Christi	2,694,300
78469	Corpus Christi	132,000

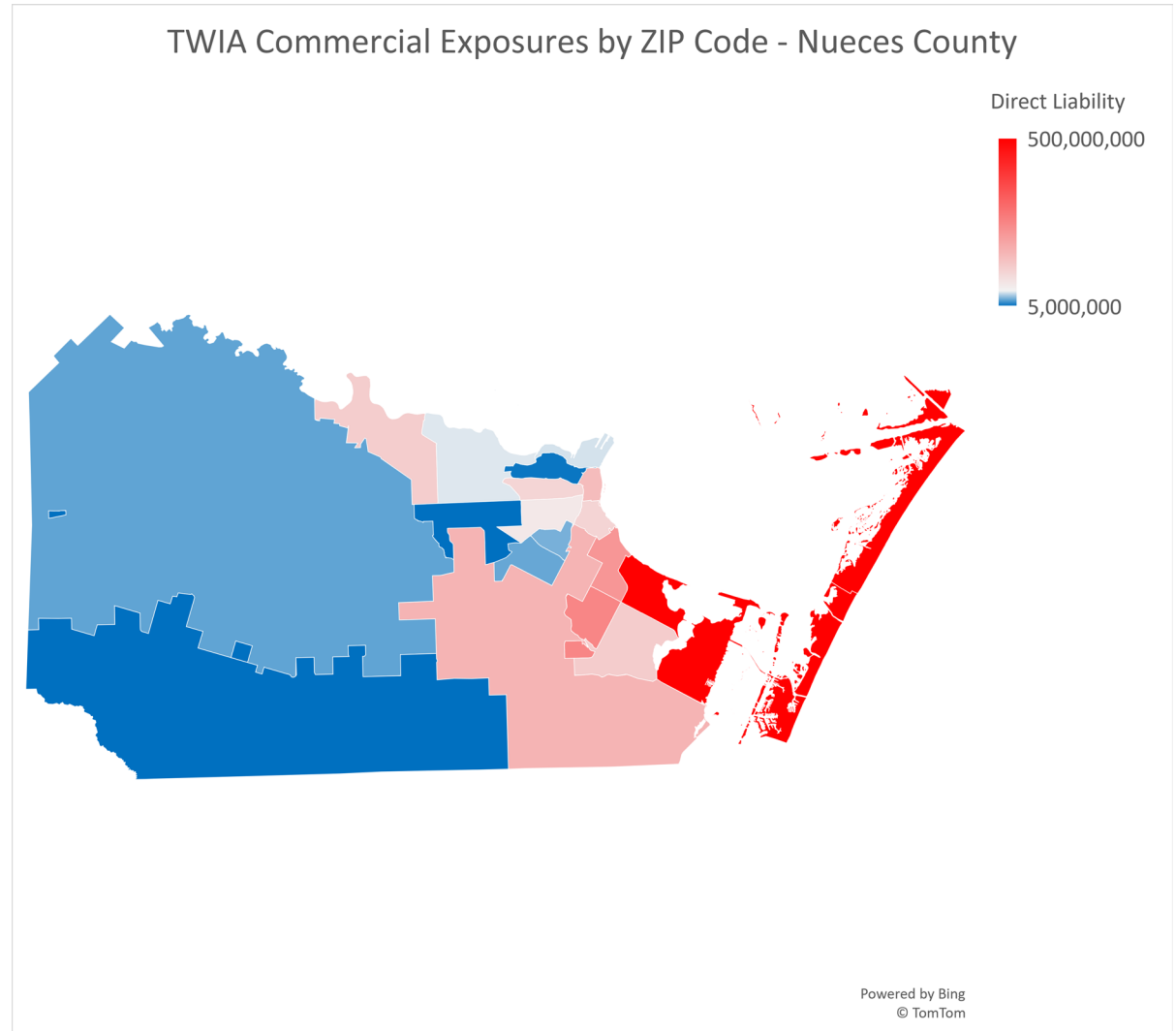




**Texas Windstorm Insurance Association**  
**Analysis of Growth**  
**Commercial Exposures In-Force**  
 by ZIP Code - Nueces County  
 as of September 30, 2023

Nueces County

ZIP Code	Description	Direct Liability
78373	Port Aransas	948,475,800
78418	Corpus Christi	629,593,000
78412	Corpus Christi	524,456,000
78413	Corpus Christi	249,972,000
78411	Corpus Christi	220,674,000
78415	Corpus Christi	164,931,500
78401	Corpus Christi	149,691,000
78414	Corpus Christi	121,416,000
78410	Corpus Christi	117,867,000
78404	Corpus Christi	106,413,000
78408	Corpus Christi	104,563,000
78405	Corpus Christi	68,732,000
78409	Corpus Christi	46,287,000
78402	Corpus Christi	44,477,000
78416	Corpus Christi	27,262,000
78417	Corpus Christi	24,158,000
78380	Robstown	22,892,000
78407	Corpus Christi	6,949,000
78343	Bishop	4,906,000
78406	Corpus Christi	3,633,000
78469	Corpus Christi	858,000
78330	Agua Dulce	50,000

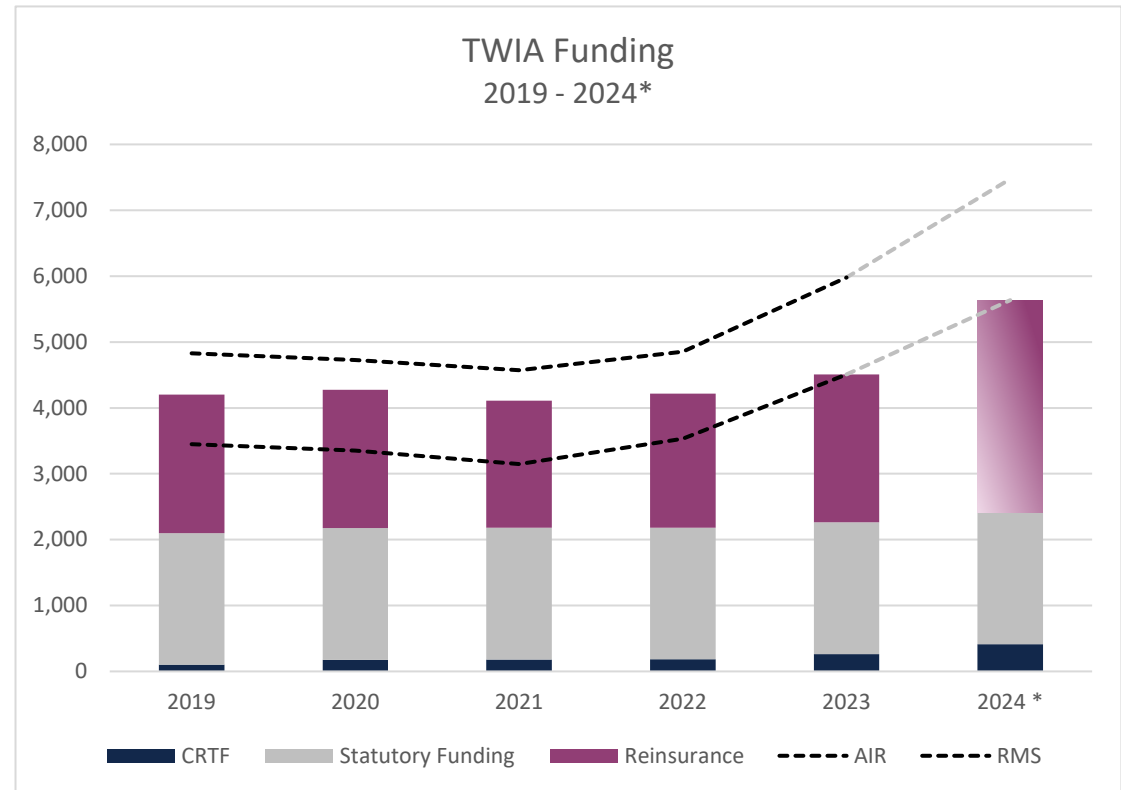


**Texas Windstorm Insurance Association**  
**Analysis of Growth**  
**Impact on Funding**  
**2019 - 2024**



Catastrophe Year	Available CRTF Balance Amount	Change
2019	100	
2020	177	77
2021	179	2
2022	183	4
2023	265	82
* 2024	415	150

Catastrophe Year	Total Funding Amount	Change	Change in Reinsurance
2019	4,200		
2020	4,277	77	0
2021	4,109	-168	-170
2022	4,219	110	106
2023	4,508	289	207
* 2024	5,635	1,127	977



\* 2024 funding is projected for illustrative purposes only; actual amounts have not yet been determined  
Projections based on estimated CRTF balance and assume 25% growth in modeled and selected 100-Year Probable Maximum Loss (PML)  
AIR and RMS PMLs shown based on long-term frequency and include 15% provision for loss adjustment expense (LAE)



AON

# Texas Windstorm Insurance Association

Actuarial & Underwriting  
Committee Meeting

February 2024





# Contents

## Texas Windstorm Insurance Association

1

Exposure Change

2

Modeled Loss  
Change

3

Defining the 100 Yr.  
PML

4

Model Change Detail



1

# Exposure Change





# Exposure Change

## Year-Over-Year Exposure Summary

County	2023 Exposure	2022 Exposure	% Change Exposure
Jefferson	10,613,790,979	8,491,425,848	25.0%
Chambers	3,128,169,285	2,321,785,586	34.7%
Harris	1,951,456,880	1,549,856,289	25.9%
Galveston	36,025,818,900	29,307,918,350	22.9%
Brazoria	18,958,894,064	14,149,674,000	34.0%
Matagorda	1,837,690,070	1,531,677,501	20.0%
Calhoun	1,546,937,500	1,344,452,901	15.1%
Refugio	141,503,260	116,687,821	21.3%
Aransas	3,555,670,025	2,809,312,335	26.6%
San Patricio	3,123,907,240	2,497,199,720	25.1%
Nueces	18,688,712,340	14,875,727,997	25.6%
Kleberg	330,279,230	236,906,030	39.4%
Kenedy	6,832,100	7,313,323	-6.6%
Willacy	136,089,650	109,451,634	24.3%
Cameron	4,734,377,985	3,516,100,296	34.6%
<b>Total</b>	<b>104,780,129,508</b>	<b>82,865,489,629</b>	<b>26.4%</b>

By line of business breakout available in appendix



2

# Modeled Loss Change



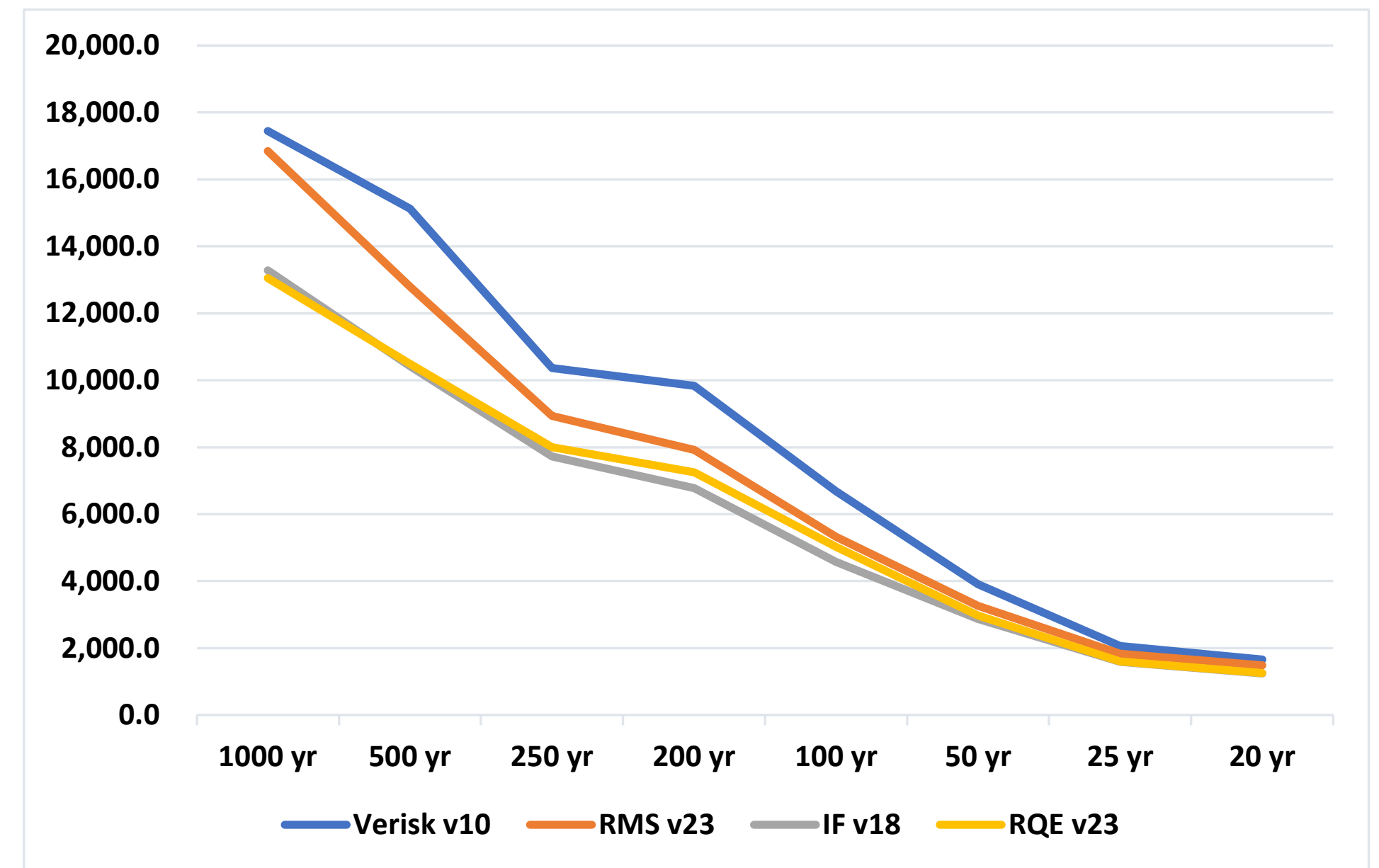


# Multi-Model Comparison – All Perils

Combined Hurricane (Long-Term) & Severe Conv. Storm AEP Gross Losses (excl. LAE)

## AEP - All Perils (Long-Term/Standard)

Return Period	Verisk v10	RMS v23	IF v18	RQE v23
1000 yr	17,441.8	16,843.2	13,285.2	13,046.4
500 yr	15,122.9	12,801.0	10,425.9	10,491.2
250 yr	10,366.1	8,940.2	7,719.6	7,998.5
200 yr	9,828.4	7,924.6	6,776.4	7,247.6
100 yr	6,690.1	5,331.0	4,580.8	5,023.4
50 yr	3,910.1	3,257.2	2,872.7	2,972.4
25 yr	2,062.4	1,830.4	1,584.1	1,601.0
20 yr	1,656.5	1,480.8	1,246.2	1,257.9
Annual avg	360.0	313.8	259.5	265.3
Std dev	1,362.7	1,259.2	1,073.4	1,026.6



US \$ in Millions

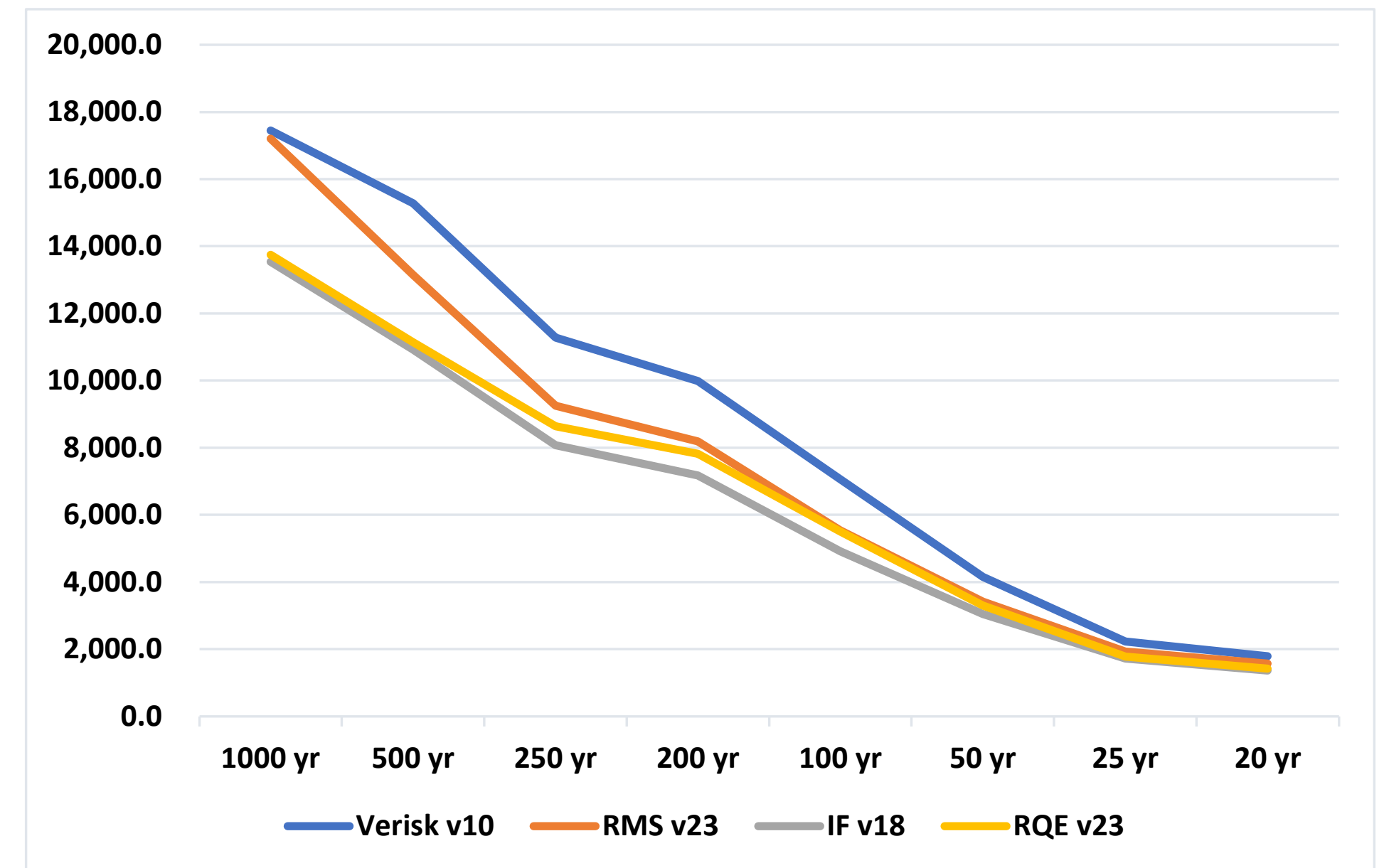
Including Demand Surge, Excluding Storm Surge

# Multi-Model Comparison – All Perils

Combined Hurricane (Near-Term) & Severe Conv. Storm AEP Gross Losses (excl. LAE)

## AEP - All Perils (Near-Term/Warm Sea Surface Temperature)

Return Period	Verisk v10	RMS v23	IF v18	RQE v23
1000 yr	17,441.8	17,201.3	13,534.9	13,749.2
500 yr	15,283.6	13,149.9	10,922.5	11,137.0
250 yr	11,276.8	9,243.0	8,077.3	8,641.0
200 yr	9,985.0	8,191.1	7,176.5	7,819.1
100 yr	7,061.9	5,534.9	4,916.4	5,497.2
50 yr	4,148.8	3,408.9	3,043.7	3,300.8
25 yr	2,221.5	1,932.1	1,721.2	1,777.0
20 yr	1,784.9	1,572.6	1,360.9	1,422.2
Annual avg	382.5	333.8	279.3	295.8
Std dev	1,413.9	1,293.6	1,120.7	1,104.2



US \$ in Millions

Including Demand Surge, Excluding Storm Surge

# Modeled Loss Change

## Verisk Touchstone v9 & v10 AEP Gross Losses (excl. LAE)

### AEP - All Perils (Warm Sea Surface Temperature)

Return Period	Verisk v10 11/30/2023	Verisk v10 11/30/2022	Verisk v9 11/30/2022	Overall Change	Exposure Change	Model Change
1000 yr	17,441.8	13,850.9	13,905.9	25.4%	25.9%	(0.4%)
500 yr	15,283.6	12,234.0	12,293.9	24.3%	24.9%	(0.5%)
250 yr	11,276.8	8,822.9	8,859.2	27.3%	27.8%	(0.4%)
200 yr	9,985.0	7,933.2	7,966.8	25.3%	25.9%	(0.4%)
100 yr	7,061.9	5,579.8	5,615.0	25.8%	26.6%	(0.6%)
50 yr	4,148.8	3,260.5	3,248.2	27.7%	27.2%	0.4%
25 yr	2,221.5	1,691.0	1,691.4	31.3%	31.4%	(0.0%)
20 yr	1,784.9	1,369.7	1,377.5	29.6%	30.3%	(0.6%)
Annual avg	382.5	296.9	290.1	31.8%	28.8%	2.3%
Std dev	1,413.9	1,118.9	1,123.2	25.9%	26.4%	(0.4%)

US \$ in Millions

Including Demand Surge, Excluding Storm Surge

**No model change** impacting Hurricane or Severe Convective Storm models in Verisk Touchstone v10

- **Enhancements in geocoding** account for modest differences in loss year-over-year

Verisk exposure change modeled loss **tracks closely** with TWIA portfolio exposure change across all counties and lines of business

Overall change yields a **25.8% increase** in the key 100 yr. PML



# Modeled Loss Change

## RMS RiskLink v21 & v23 AEP Gross Losses (excl. LAE)

### AEP - All Perils (Near-Term)

Return Period	RMS v23 11/30/2023	RMS v23 11/30/2022	RMS v21 11/30/2022	Overall Change	Exposure Change	Model Change
1000 yr	17,201.3	14,191.9	12,813.7	34.2%	21.2%	10.8%
500 yr	13,149.9	10,851.8	9,480.5	38.7%	21.2%	14.5%
250 yr	9,243.0	7,641.9	6,519.2	41.8%	21.0%	17.2%
200 yr	8,191.1	6,748.5	5,786.2	41.6%	21.4%	16.6%
100 yr	5,534.9	4,541.9	3,944.4	40.3%	21.9%	15.1%
50 yr	3,408.9	2,800.3	2,447.7	39.3%	21.7%	14.4%
25 yr	1,932.1	1,577.4	1,376.8	40.3%	22.5%	14.6%
20 yr	1,572.6	1,281.4	1,118.7	40.6%	22.7%	14.5%
Annual avg	333.8	274.4	241.1	38.5%	21.6%	13.8%
Std dev	1,293.6	1,064.0	958.1	35.0%	21.6%	11.1%

US \$ in Millions

Including Demand Surge, Excluding Storm Surge

**Model change** driven principally by vulnerability updates driving change in TWIA portfolio, **tracks closely with RMS guidance**

- Residential Mean Damage Ratio (MDR) shows increased divergence in loss from RMS v22 to v23 for peak gust events >100 mph

Exposure change PMLs are **slightly below portfolio exposure change**, due to portfolio growth by line of business and relative damageability in residential lines for key geographic areas

Overall change yields a **40.3% increase** in the key 100 yr. PML

# Modeled Loss Change

## Impact Forecasting v15 & v18 AEP Gross Losses (excl. LAE)

### AEP - All Perils (Near-Term)

Return Period	IF v18 11/30/2023	IF v18 11/30/2022	IF v15 11/30/2022	Overall Change	Exposure Change	Model Change
1000 yr	13,534.9	11,298.5	9,605.2	40.9%	19.8%	17.6%
500 yr	10,922.5	8,940.7	8,250.0	32.4%	22.2%	8.4%
250 yr	8,077.3	6,605.7	6,599.3	22.4%	22.3%	0.1%
200 yr	7,176.5	5,818.2	5,899.1	21.7%	23.3%	(1.4%)
100 yr	4,916.4	3,980.3	4,318.7	13.8%	23.5%	(7.8%)
50 yr	3,043.7	2,461.5	2,808.7	8.4%	23.7%	(12.4%)
25 yr	1,721.2	1,384.8	1,683.8	2.2%	24.3%	(17.8%)
20 yr	1,360.9	1,097.9	1,345.4	1.2%	24.0%	(18.4%)
Annual avg	279.3	226.1	263.1	6.2%	23.6%	(14.1%)
Std dev	1,120.7	915.0	866.5	29.3%	22.5%	5.6%

US \$ in Millions

Including Demand Surge, Excluding Storm Surge

**Model change** driven by recalibration of both hazard and vulnerability, yielding marginally higher losses at the top of the curve and lower losses at the bottom

- Inclusion of **HURDAT2** data and **13b claims data** drives hazard and vulnerability updates

Exposure change PMLs are **slightly below portfolio exposure change**, due to aforementioned combination of hazard and vulnerability changes

Overall change yields a **13.8% increase** in the key 100 yr. PML, with exposure change being offset by model change

# Modeled Loss Change

## CoreLogic RQE v21 & v23 AEP Gross Losses (excl. LAE)

### AEP - All Perils (Near-Term)

Return Period	RQE v23 11/30/2023	RQE v23 11/30/2022	RQE v21 11/30/2022	Overall Change	Exposure Change	Model Change
1000 yr	13,749.2	10,207.0	10,261.4	34.0%	34.7%	(0.5%)
500 yr	11,137.0	8,503.9	8,259.8	34.8%	31.0%	3.0%
250 yr	8,641.0	6,532.8	6,404.6	34.9%	32.3%	2.0%
200 yr	7,819.1	5,867.0	5,843.2	33.8%	33.3%	0.4%
100 yr	5,497.2	4,110.8	4,084.0	34.6%	33.7%	0.7%
50 yr	3,300.8	2,439.3	2,458.9	34.2%	35.3%	(0.8%)
25 yr	1,777.0	1,283.7	1,279.5	38.9%	38.4%	0.3%
20 yr	1,422.2	1,022.4	1,001.5	42.0%	39.1%	2.1%
Annual avg	295.8	218.0	215.7	37.1%	35.7%	1.1%
Std dev	1,104.2	821.3	817.9	35.0%	34.4%	0.4%

US \$ in Millions

Including Demand Surge, Excluding Storm Surge

**Model change** impact is relatively flat for prior year data, due to limited impact from frequency adjustments and historical event data enhancements

Exposure change PMLs are **slightly above portfolio exposure change**, driven by growth in commercial lines losses and higher damageability in certain residential construction types

- Data mapping classification changes on residential exposures having frame with brick veneer constructions yields increased damageability

Overall change yields a **34.6% increase** in the key 100 yr. PML



# 3

## Defining the 100 Yr. PML





# Discussion of the 100 Yr. PML Threshold

## Multi-Model - Near-Term/WarmSST

### All Perils (Near-Term/Warm Sea Surface Temperature)

Model	Weight	100yr PML - OEP	100yr PML - AEP	AEP/OEP Ratio
AIR v10	50%	6,812.2	7,061.9	1.037
RMS v23	50%	5,332.0	5,534.9	1.038
IF v18	0%	4,679.9	4,916.4	1.051
RQE v23	0%	5,255.8	5,497.2	1.046
Blend	100%	6,072.1	6,298.4	1.037
Blend w/ LAE	100%	6,982.9	7,243.2	

### All Perils (Near-Term/Warm Sea Surface Temperature)

Model	Weight	100yr PML - OEP	100yr PML - AEP	AEP/OEP Ratio
AIR v10	25%	6,812.2	7,061.9	1.037
RMS v23	25%	5,332.0	5,534.9	1.038
IF v18	25%	4,679.9	4,916.4	1.051
RQE v23	25%	5,255.8	5,497.2	1.046
Blend	100%	5,520.0	5,752.6	1.043
Blend w/ LAE	100%	6,347.9	6,615.5	

US \$ in Millions

Including Demand Surge, Excluding Storm Surge

## Multi-Model - Long-Term/Std

### All Perils (Long-Term/Standard)

Model	Weight	100yr PML - OEP	100yr PML - AEP	AEP/OEP Ratio
AIR v10	50%	6,306.7	6,690.1	1.061
RMS v23	50%	5,148.4	5,331.0	1.035
IF v18	0%	4,328.8	4,580.8	1.058
RQE v23	0%	4,784.0	5,023.4	1.050
Blend	100%	5,727.5	6,010.5	1.048
Blend w/ LAE	100%	6,586.7	6,912.1	

### All Perils (Long-Term/Standard)

Model	Weight	100yr PML - OEP	100yr PML - AEP	AEP/OEP Ratio
AIR v10	25%	6,306.7	6,690.1	1.061
RMS v23	25%	5,148.4	5,331.0	1.035
IF v18	25%	4,328.8	4,580.8	1.058
RQE v23	25%	4,784.0	5,023.4	1.050
Blend	100%	5,142.0	5,406.3	1.051
Blend w/ LAE	100%	5,913.3	6,217.3	

US \$ in Millions

Including Demand Surge, Excluding Storm Surge

# 100 Yr. PML Limit Comparison Year-Over-Year

	2023 Placement	2024 Placement	\$ Difference	% Difference
100 Yr Selected PML*	3,920.3	5,331.0	1,410.8	36.0%
100 Yr Selected PML w/ 15% LAE	4,508.0	6,130.7	1,622.7	36.0%
Retention	2,280.0	2,440.0	160.0	7.0%
Limit Required	2,228.0	3,690.7	1,462.7	65.7%

\*2023 selected PML based on RMS v21 Long-Term AEP All Perils; 2024 assumes same settings in v23

US \$ in Millions

Retention adjustment will offset increased limit purchase needs

100 Yr PML selection assumes static LAE pick and no adjustment for growth projections or inflation adjustment

# Managing Tail Risk Tolerance

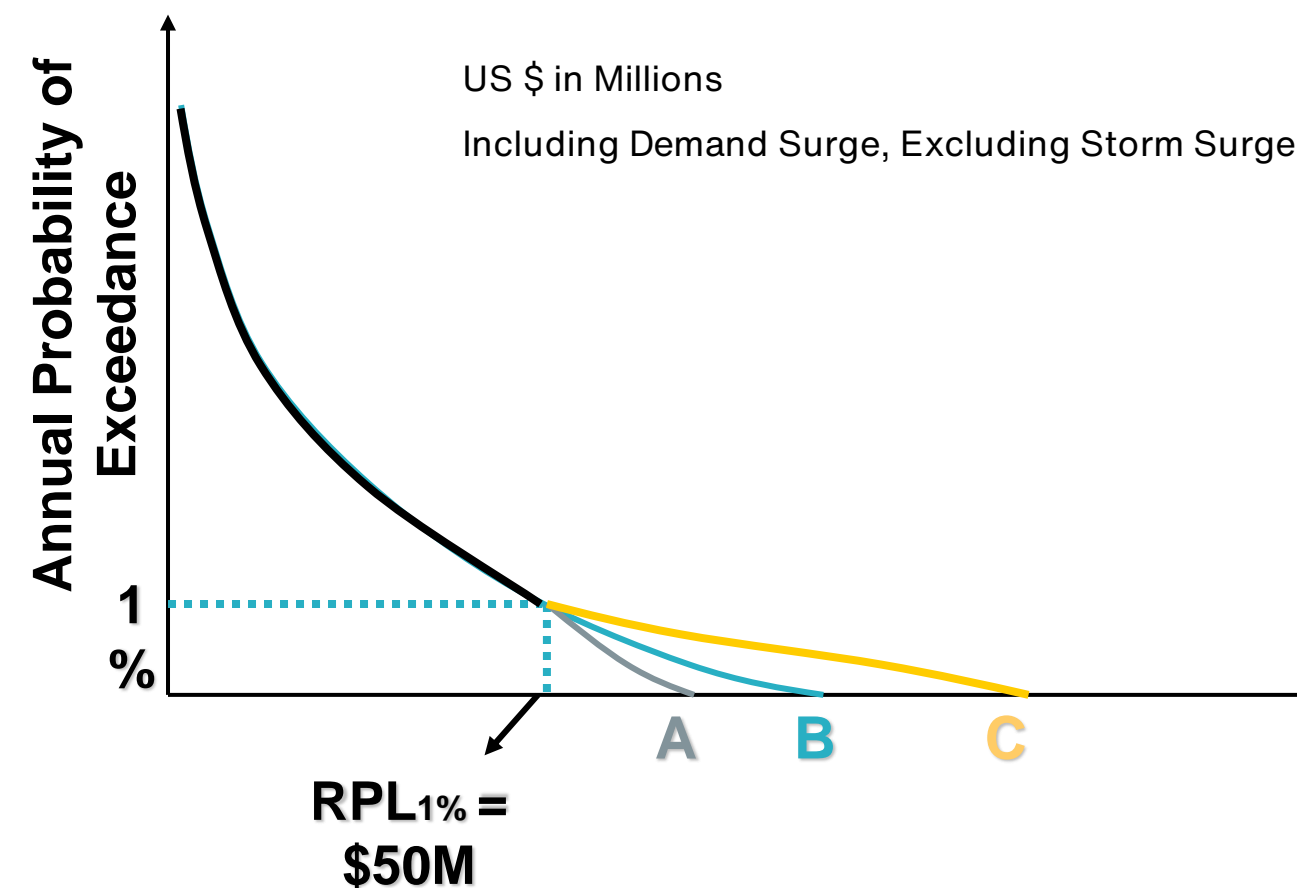
What is TVaR and how can it inform your coverage decisions?

## Tail Value at Risk (TVaR)

- Average value of loss given that a loss at least as large as the selected EP return period loss has occurred
- Measures not only the probability of exceeding a certain loss level, but also the average severity of losses in the tail of the distribution
- Example: AIR 100 yr return period loss equals \$7,061.9m
  - TVaR is \$11,612.1m (TVaR will always be greater or equal to return period loss)
- Interpretation
  - PML: There is a 1% annual probability of a loss exceeding \$7,061.9m
  - TVaR: Given that at least a \$7,061.9m loss occurs, the average severity will be \$11,612.1m

### AEP - All Perils (Near-Term/Warm Sea Surface Temperature)

Return Period	Verisk Touchstone v10			RMS RiskLink v23		
	TVaR	VaR	TVaR Ratio	TVaR	VaR	TVaR Ratio
1000 yr	20,472.3	17,441.8	1.17	22,991.4	17,201.3	1.34
500 yr	18,427.1	15,283.6	1.21	18,969.8	13,149.9	1.44
250 yr	15,800.1	11,276.8	1.40	14,947.0	9,243.0	1.62
200 yr	14,700.9	9,985.0	1.47	13,695.4	8,191.1	1.67
100 yr	11,612.1	7,061.9	1.64	10,177.4	5,534.9	1.84
50 yr	8,534.9	4,148.8	2.06	7,239.2	3,408.9	2.12
25 yr	5,775.8	2,221.5	2.60	4,886.8	1,932.1	2.53
20 yr	5,019.4	1,784.9	2.81	4,257.8	1,572.6	2.71
Annual avg	382.5	382.5	1.00	333.8	333.8	1.00
Std dev	1,413.9	1,413.9	1.00	1,293.6	1,293.6	1.00



Higher TVaR ratio in RMS indicates greater severity deviation from the aggregate 100 yr, although AIR has higher overall modeled losses

# Historical Perspective

## OEP - Hurricane Only (Near-Term/Warm Sea Surface Temperature)

Return Period	Verisk v10	RMS v23	IF v18	RQE v23
1000 yr	17,439.0	16,890.9	13,292.0	13,304.6
500 yr	14,905.3	12,865.0	10,562.6	10,835.0
250 yr	10,328.2	8,970.3	7,812.9	8,279.6
200 yr	9,734.9	7,938.3	6,907.7	7,487.2
100 yr	6,812.2	5,332.0	4,679.9	5,255.8
50 yr	3,892.1	3,243.9	2,883.5	3,111.0
25 yr	1,993.4	1,818.1	1,612.7	1,639.4
20 yr	1,608.7	1,474.1	1,263.6	1,297.0
Annual avg	351.3	314.2	258.5	275.3
Std dev	1,412.1	1,293.3	1,120.2	1,102.4

US \$ in Millions

Including Demand Surge, Excluding Storm Surge

## Variability in both loss magnitude and share indicates a need for more insightful view of historical experience and catastrophe models

- Trended TWIA losses indicate that the Cat program could be significantly (Harvey) to completely (Ike) impacted if events similar to those in the historical catalog were to occur again
- TWIA market share of total PCS event loss carries significant variation, indicating potential for outsized impact on the program
- Trended PCS losses shown using CAS Collins & Lowe methodology through Jan. 2024
  - Trended TWIA losses excl. LAE calculated using market share from orig. PCS events
- PCS Industry losses cited below exclude flood and auto loss
- Recast loss shows high degree of model variability and extreme event potential if a storm similar to the 1900 Galveston hurricane were to occur again

Named Storm	Orig Incurred Loss & ALAE	Trended Incurred excl. 15% LAE	TWIA % Share excl. 15% LAE	Orig. PCS	Trended PCS	Recast Event	Verisk v10 Gross Loss	RMS v23 Gross Loss
				Res+Comm Loss	Res + Comm Loss			
Hurricane Bret	6.5	17.9	20%	28.0	90.7			
Hurricane Claudette	16.9	37.3	17%	85.0	221.3			
Hurricane Rita	161.9	290.8	3%	5,411.2	11,436.2			
Hurricane Dolly	327.2	539.5	55%	502.5	974.6			
Hurricane Ike	2,443.9	3,949.8	17%	12,024.5	22,862.9	Hurricane Harvey	2,224.5	1,311.0
Tropical Storm Hermine	6.0	9.5	5%	110.0	203.8			
Hurricane Harvey	1,535.8	1,868.1	8%	16,108.2	23,050.4	Hurricane Ike	1,401.3	1,012.5
Hurricane Hanna	12.0	12.7	3%	295.2	366.6	Hurricane Rita	562.0	409.4
Hurricane Laura	21.9	23.8	0%	10,976.4	14,030.1	Hurricane Alicia	878.4	742.0
Hurricane Delta	22.0	23.8	1%	1,671.9	2,132.2	Hurricane Carla	1,666.3	1,116.3
						1900 Galveston Hurricane	9,100.3	5,767.6

\*Losses shown US \$ in Millions



4

# Model Change Detail





# RMS v23 North Atlantic Hurricane Model

## Scope of Update



### Key Takeaways

**Release:** June 2023

#### Key Updates - Vulnerability

- Recalibrated RES and COM curves
  - RES: recalibrated year-built differentiation, updated number of stories differentiation particularly for Multi-Family Dwellings, updated ATC 42 (Condo) vulnerability
  - COM: biggest update since v11 with updates across year-buils, heights, occupancy classes
    - New year-built band (2021+)
- Updated credits/penalties for roof age secondary modifier

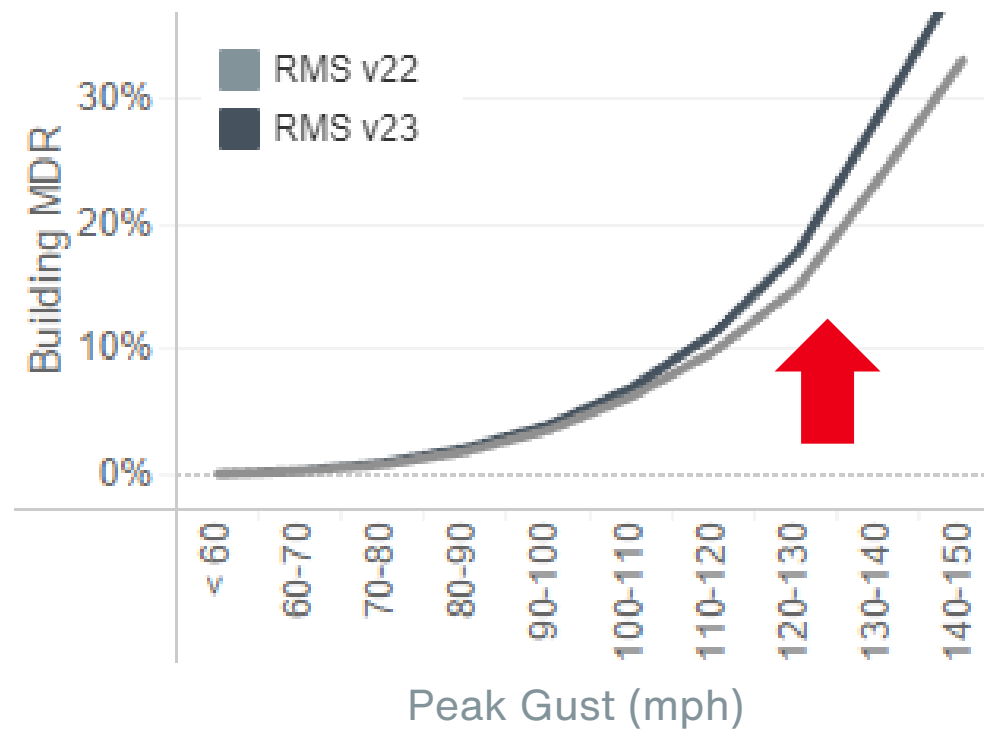
#### Key Updates - Hazard

- Updated Long-Term Rates
- Updated Medium-Term Rates
- New historical events (Dorian 2019, Sally 2020, Zeta 2020, Laura 2020, Delta 2020)

### Texas Vulnerability Change Examples

#### Example Building Vulnerability Curve

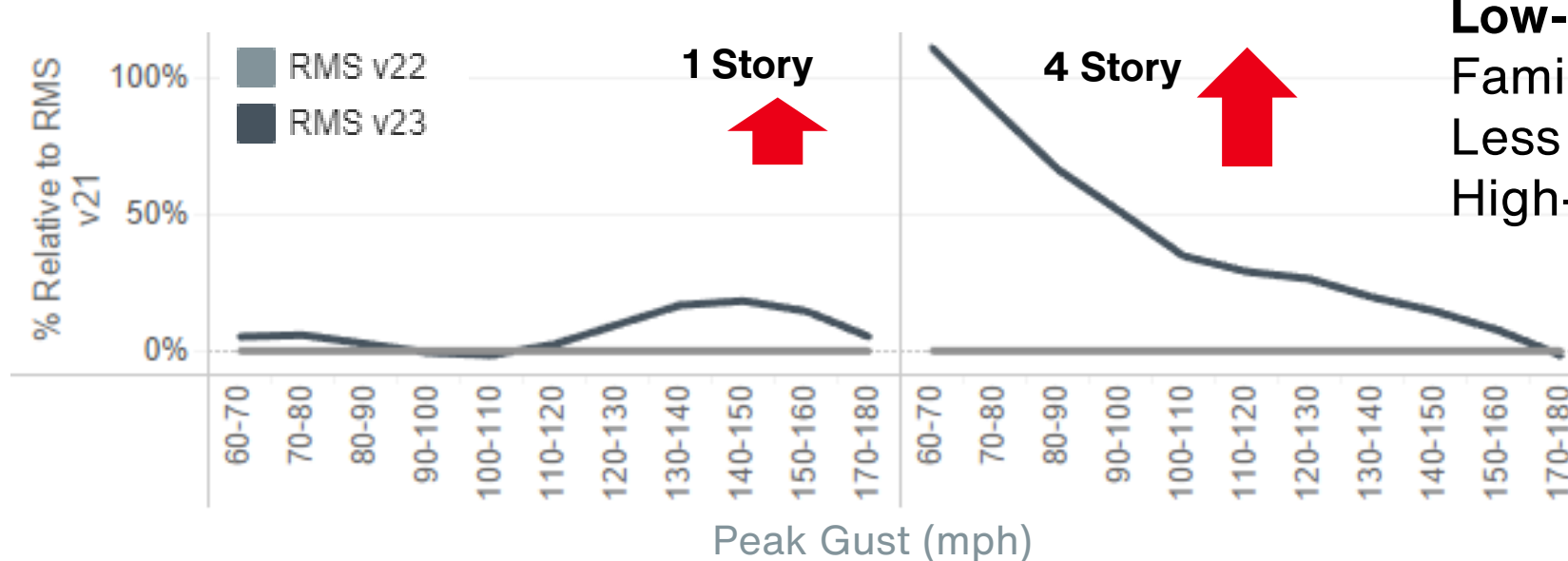
Single Family, Wood, 1985, 1 story (Houston, TX)



Texas shows increases from signals of rainfall infiltration

#### Example Building Vulnerability Curve Relativity by Height

Multi-Family, Masonry, 1985 (Houston, TX)



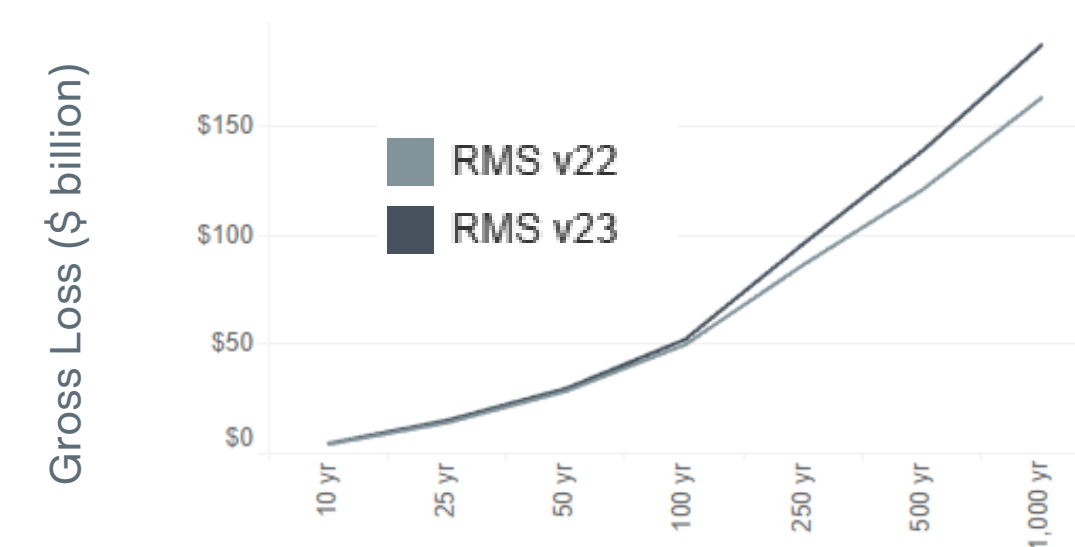
Low-Rise Multi-Family Increases Less than Mid- or High-Rise

The primary driver of model change is a significant vulnerability recalibration across both residential and commercial lines, and TWIA loss generally follows guidance

### Texas Industry Model Change Projections

#### Texas Residential OEP Summary

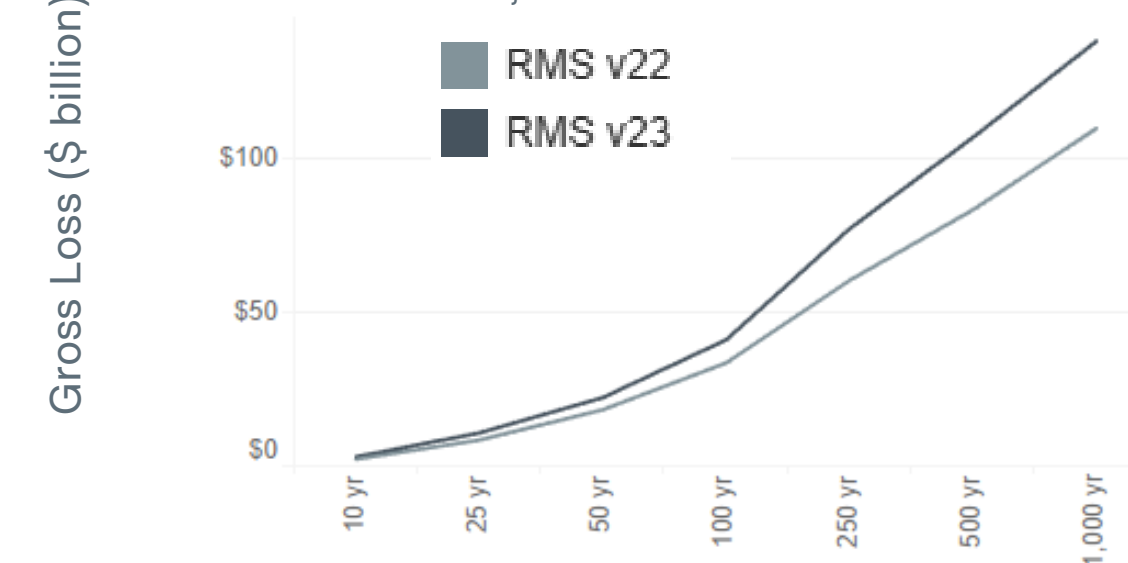
Aon 2023 IED, Near-Term Rates



	Aon 2023 IED	RMS Guidance Based on 2021 RMS IED
AAL	+8%	+2 to +10%
100-year	+5%	+2 to +10%
250-year	+11%	+10 to +20%

#### Texas Commercial OEP Summary

Aon 2023 IED, Near-Term Rates



	Aon 2023 IED	RMS Guidance Based on 2021 RMS IED
AAL	+27%	+10 to +20%
100-year	+22%	+10 to +20%
250-year	+28%	+10 to +20%

# Impact Forecasting Country-wide Hurricane Model v3

## Scope of Update

### Key Updates

**Brand-new US-wide model** that builds on model approved by FL commission in 2023, leveraging more up-to-date data results in a more robust model that has been peer-reviewed by Aon's Model Evaluation team

Utilizes HURDAT2 (1900 - 2020) data from HURDAT (1850 - 2013)

**Upgrade to intensity model** to use more recent scientific research

Introduction of outlier treatment in regression models to **reduce influence of extreme values**

**Update to friction model** to account for local roughness and directional changes in terrain roughness

**Recalibration of vulnerability model** based on **~13B of claims** across **18 historical events**

**Reassessment of vulnerability relativities** across different states

**Update to near-term view incorporating conservative climate trend** according to the latest research from Columbia University

Shares track set with Atlantic Tropical Cyclone – Wind (FCHLPM) Model Version 2.0 (certified for rate filling in Florida)

Using a more robust peer-reviewed view of shape and windspeed model to generate a full footprint of stochastic storms - Willoughby's parametrization model replaces regression model imitating Shapiro's numerical model

# CoreLogic RQE v23 North Atlantic Hurricane Model

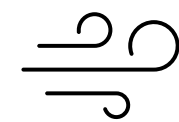
## Scope of Update (U.S.)

The CoreLogic update involves both hazard and vulnerability components, leading to minor industry change



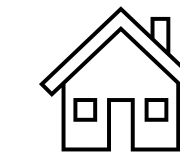
### Key Takeaways

- **Release:** August 2023
- **Key Updates - Hazard**
  - Regenerated the stochastic hurricane database for consistency with HURDAT2 (1900-2021) as of April 2022, impacting rates and storm parameters as well as historical events
  - Updated long-term and near-term event rates
- **Key Updates - Vulnerability**
  - Updated default year of construction based on 2020 Census
  - Updated defaults for selecting secondary modifiers including roof age, roof condition
- **Model change guidance based on CoreLogic IED**
  - Residential Lines: Less than -5%
  - Commercial Lines: Less than +5%



### Wind Hazard

- Updated Long-Term Rates (1900-2021)
- Updated Near-Term Rates (Atlantic Multidecadal Variability catalog)
- Updated distribution of storm parameters, including Rmax, forward speed, and filling rate
- Updated historical events:
  - Events from 1966-1970, due to HURDAT2 reanalysis
  - Matthew 2016
  - 2020 events were already present in the historical event set of RQE v21, but the footprints have been updated in RQE v23 to account for HURDAT2 updates
- New historical events:
  - Ida 2021 and Nicholas 2021
  - Ian 2022 and Nicole 2022 (not yet considered in frequencies)

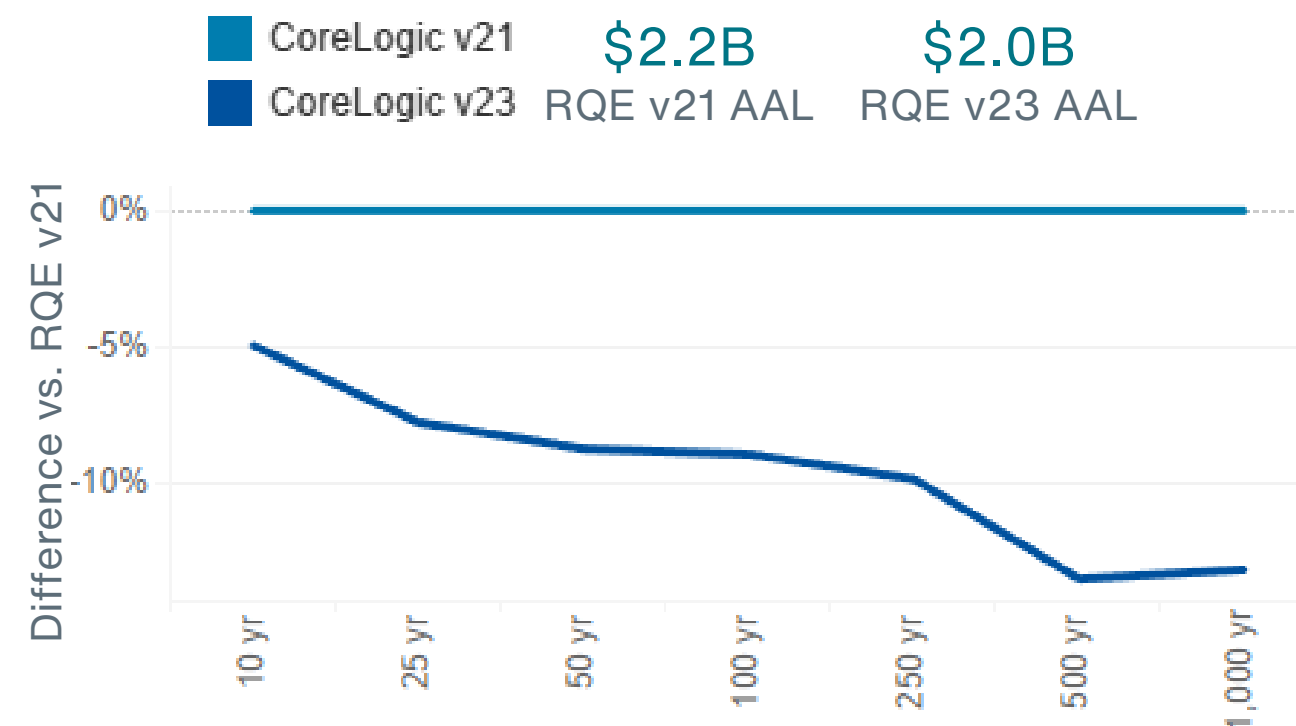


### Vulnerability

- Updated default year of construction based on 2020 Census
- Updated defaults for selected secondary characteristics (roof age, roof condition, manufactured home exterior wall conditions, shutter/screen in the wind-borne debris region of North Carolina)
- Updated assignments of ZIP Codes to the Wind-Borne Debris Region

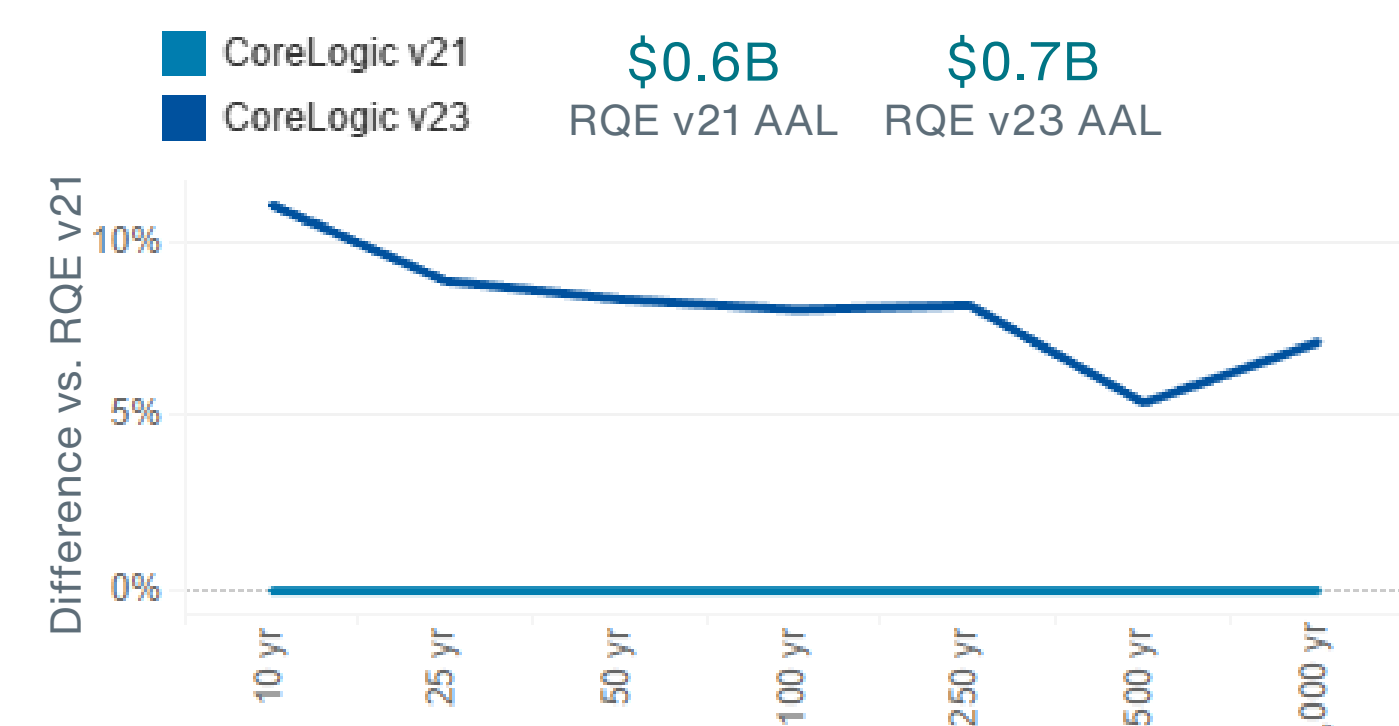
### Texas Residential Loss Change

Aon 2023 IED, Near-Term Rates



### Texas Commercial Loss Change

Aon 2023 IED, Near-Term Rates



# Appendix

## Reference Items

# Multi-Model Comparison – Hurricane

## Hurricane (Near-Term) AEP Gross Losses (excl. LAE)

### AEP - Hurricane Only (Near-Term/Warm Sea Surface Temperature)

Return Period	Verisk v10	RMS v23	IF Beta 3	RQE v23
1000 yr	17,439.0	17,252.2	13,521.6	13,713.5
500 yr	15,281.0	13,201.4	10,891.3	11,122.7
250 yr	11,193.4	9,299.9	8,050.8	8,608.0
200 yr	9,981.8	8,243.2	7,156.9	7,797.9
100 yr	7,041.9	5,575.7	4,896.8	5,483.6
50 yr	4,108.9	3,438.4	3,023.1	3,278.5
25 yr	2,168.1	1,943.2	1,701.9	1,742.6
20 yr	1,752.9	1,577.8	1,335.4	1,388.8
Annual avg	351.3	314.2	258.5	275.3
Std dev	1,412.1	1,293.3	1,120.2	1,102.4

US \$ in Millions

Including Demand Surge, Excluding Storm Surge



# Multi-Model Comparison – Hurricane

## Hurricane (Long-Term) AEP Gross Losses (excl. LAE)

### AEP - Hurricane Only (Long-Term/Standard)

Return Period	Verisk v10	RMS v23	IF Beta 3	RQE v23
1000 yr	17,439.0	16,894.0	13,259.0	13,001.2
500 yr	15,095.1	12,855.4	10,397.3	10,478.9
250 yr	10,336.1	8,998.0	7,690.7	7,962.7
200 yr	9,811.9	7,978.0	6,757.1	7,218.9
100 yr	6,607.8	5,372.1	4,560.5	5,007.5
50 yr	3,892.1	3,286.2	2,857.0	2,947.3
25 yr	2,034.8	1,840.4	1,562.3	1,567.9
20 yr	1,632.1	1,484.9	1,222.2	1,223.7
Annual avg	328.8	294.2	238.6	244.9
Std dev	1,360.8	1,258.9	1,072.9	1,024.8

US \$ in Millions

Including Demand Surge, Excluding Storm Surge

# Multi-Model Comparison – Severe Convective Storm

## Severe Convective Storm AEP Gross Losses (excl. LAE)

### AEP - Severe Conv. Storm

Return Period	Verisk v10	RMS v23	IF Beta 3	RQE v23
1000 yr	878.1	234.5	343.8	795.9
500 yr	629.1	194.1	241.2	591.4
250 yr	491.6	159.6	171.0	395.7
200 yr	442.3	149.1	149.7	351.1
100 yr	329.9	118.7	102.6	228.9
50 yr	236.9	92.2	79.0	143.3
25 yr	146.4	68.7	62.6	85.9
20 yr	122.8	61.6	57.9	72.7
Annual avg	31.2	19.6	20.9	20.4
Std dev	72.3	26.5	31.3	62.7

US \$ in Millions

Including Demand Surge (where available)



# Exposure Change by Line of Business

## Year-Over-Year Exposure Summary

### TWIA Provided Site Limit Control Totals

#### Exposures as of 11/30/2023

County	Commercial	Mobile Home	Residential	Total
Galveston	3,751,782,560	16,528,600	32,257,507,740	36,025,818,900
Nueces	3,830,431,080	3,287,200	14,854,994,060	18,688,712,340
Brazoria	878,166,104	20,289,000	18,060,438,960	18,958,894,064
Jefferson	1,018,539,599	4,988,200	9,590,263,180	10,613,790,979
Cameron	1,848,470,805	3,218,700	2,882,688,480	4,734,377,985
Aransas	536,224,205	13,007,700	3,006,438,120	3,555,670,025
San Patricio	250,472,880	4,104,600	2,869,329,760	3,123,907,240
Chambers	96,386,545	5,137,800	3,026,644,940	3,128,169,285
Harris	229,713,500	267,000	1,721,476,380	1,951,456,880
Matagorda	154,472,330	3,076,800	1,680,140,940	1,837,690,070
Calhoun	165,658,840	5,428,100	1,375,850,560	1,546,937,500
Kleberg	70,659,590	259,500	259,360,140	330,279,230
Refugio	21,459,900	1,722,700	118,320,660	141,503,260
Willacy	25,499,030	742,100	109,848,520	136,089,650
Kenedy	-	-	6,832,100	6,832,100
<b>Total</b>	<b>12,877,936,968</b>	<b>82,058,000</b>	<b>91,820,134,540</b>	<b>104,780,129,508</b>

#### Exposures as of 11/30/2022

County	Commercial	Mobile Home	Residential	Total
Galveston	3,140,710,659	14,430,568	26,152,777,123	29,307,918,350
Nueces	2,453,933,896	2,149,100	12,419,645,002	14,875,727,997
Brazoria	460,867,981	13,882,389	13,674,923,630	14,149,674,000
Jefferson	498,049,575	4,143,950	7,989,232,323	8,491,425,848
Cameron	1,232,168,354	2,695,600	2,281,236,342	3,516,100,296
Aransas	334,111,773	10,181,130	2,465,019,432	2,809,312,335
San Patricio	133,727,579	3,971,912	2,359,500,229	2,497,199,720
Chambers	66,074,529	4,000,243	2,251,710,814	2,321,785,586
Harris	123,247,176	192,000	1,426,417,113	1,549,856,289
Matagorda	103,140,131	1,919,807	1,426,617,563	1,531,677,501
Calhoun	131,887,632	4,434,394	1,208,130,875	1,344,452,901
Kleberg	22,736,963	-	214,024,567	236,761,530
Refugio	18,576,730	1,556,800	96,554,291	116,687,821
Willacy	19,550,150	326,045	89,575,439	109,451,634
Kenedy	694,441	144,500	6,618,882	7,457,823
<b>Total</b>	<b>8,739,477,568</b>	<b>64,028,438</b>	<b>74,061,983,623</b>	<b>82,865,489,629</b>

#### Exposures % Change

County	Commercial	Mobile Home	Residential	Total
Galveston	19.5%	14.5%	23.3%	22.9%
Nueces	56.1%	53.0%	19.6%	25.6%
Brazoria	90.5%	46.1%	32.1%	34.0%
Jefferson	104.5%	20.4%	20.0%	25.0%
Cameron	50.0%	19.4%	26.4%	34.6%
Aransas	60.5%	27.8%	22.0%	26.6%
San Patricio	87.3%	3.3%	21.6%	25.1%
Chambers	45.9%	28.4%	34.4%	34.7%
Harris	86.4%	39.1%	20.7%	25.9%
Matagorda	49.8%	60.3%	17.8%	20.0%
Calhoun	25.6%	22.4%	13.9%	15.1%
Kleberg	210.8%	N/A	21.2%	39.5%
Refugio	15.5%	10.7%	22.5%	21.3%
Willacy	30.4%	127.6%	22.6%	24.3%
Kenedy	-100.0%	-100.0%	3.2%	-8.4%
<b>Total</b>	<b>47.4%</b>	<b>28.2%</b>	<b>24.0%</b>	<b>26.4%</b>

## 6E. Overview of 2024 Funding Plans and Reinsurer Panel Review



## MEMORANDUM

DATE: February 1, 2024

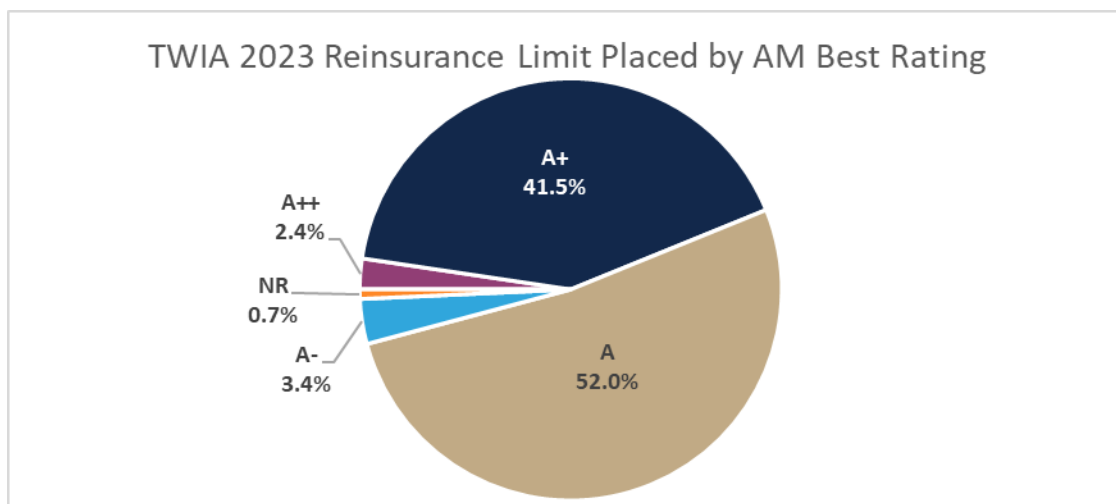
TO: David Durden  
General Manager

FROM: James C. Murphy, FCAS, MAAA  
Chief Actuary | Vice President, Enterprise Analytics

RE: 2024 Reinsurance Program

Staff continues to work closely with TWIA’s reinsurance broker, Gallagher Re, and their securities / catastrophe bond affiliate, Gallagher Securities, in preparation for the upcoming 2024 reinsurance placement. Catastrophe modeling in support of the traditional reinsurance program has been completed and is in progress for catastrophe bond issuance. Essential documents and exhibits supporting both traditional reinsurance and catastrophe bonds have also been updated in preparation for the commencement of the reinsurance placement process after the February 20 Board meeting.

In response to a question raised at the December 2023 Board meeting, TWIA has had no dealings with Vesttoo, a reinsurance intermediary recently investigated for alleged fraud. To ensure the financial stability of each of our reinsurance partners, Gallagher Re provides TWIA staff with detailed financial profiles of each participating reinsurer. Every participant on the 2023 reinsurance program was rated A- or better by AM Best or was required to fully collateralize their reinsurance obligation. Following is the distribution of the 2023 reinsurance program by AM Best rating:



JM

## 6F. Appointed Actuary Qualification Documentation



TEXAS WINDSTORM  
INSURANCE ASSOCIATION

---

## MEMORANDUM

---

DATE: February 1, 2024

TO: David Durden  
General Manager

FROM: James C. Murphy, FCAS, MAAA  
Chief Actuary | Vice President, Enterprise Analytics

RE: TWIA Appointed Actuary Qualifications

---

Annual Statement instructions require the Appointed Actuary to provide qualification documentation to the Board of Directors on occasion of their appointment and on an annual basis thereafter. The Board most recently appointed me as the Appointed Actuary for the Texas Windstorm Insurance Association at its February 14, 2023 meeting.

I graduated with a bachelor's degree in Mathematics from the University of Texas at Austin and have been a Member of the American Academy of Actuaries (MAAA) since 2004 and a Fellow of the Casualty Actuarial Society (FCAS) since 2005. I have over twenty-five years' experience in property and casualty insurance, including over fifteen years with TWIA. I have met all continuing education requirements under Section 3 of the U.S. Qualification Standards for issuing Actuarial Opinions for 2023 and will continue to meet those requirements in 2024 through a combination of physical and virtual attendance at organized actuarial conferences and seminars and self-study. A detailed log of my continuing education credit hours is available on request. I meet all Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States as promulgated by the American Academy of Actuaries as well as the requirements for a qualified actuary as set forth in the NAIC Annual Statement Instructions.

JM

## 7. Internal Audit Status & Update

# MEMORANDUM

TO: The Board of Directors - Texas Windstorm Insurance Association

FROM: Bruce Zaret, Weaver - Internal Audit

DATE: February 20, 2024

SUBJECT: Status of Internal Audit Activities

---

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

➤ **Current Activities:**

Activity Description	Status
Risk Assessment Update	Complete – issued
Legal and Compliance	Report drafted - process owner reviewing
Application Development & Database Access	Fieldwork complete – report drafting phase
Accounts Payable and Expense Processing	Complete – issued
Accounts Receivable	Final report review phase
Depopulation	Final report review phase
Actuarial	Report drafted - process owner reviewing
Underwriting	Report drafted - process owner reviewing
Reinsurance and Funding	Report drafted - process owner reviewing
Legislative and External Affairs	Fieldwork in progress

➤ **Upcoming Audits and Activities:**

Activity Description	Timing
Financial Close and Reporting	1 <sup>st</sup> Quarter
Catastrophe Plan	2 <sup>nd</sup> Quarter
Customer Experience	2 <sup>nd</sup> Quarter
Strategic Communications	3 <sup>rd</sup> Quarter
Executive Management, Operational Planning and Reporting	3 <sup>rd</sup> Quarter
Cash Management	4 <sup>th</sup> Quarter

➤ **ELT meetings:**

- Attended Executive Leadership Team and Operations meetings.

## Texas Windstorm Insurance Association Internal Audit Plan – Lookback (2022-2023) and Prospective (2024-2026)

Process Area	Last Report Date	2023 Inherent Risk Rating	2022	2023	2024	2025	2026
Funding Sources and Reinsurance	Nov. 2020	High		x			x
Information Security	Apr. 2022	High	x			x	
Emergency Planning – COOP/BCP	Nov. 2022	High	x				
Emergency Planning – CAT Plan	N/A	High			x		
Customer Experience	N/A	High			x		
Underwriting and Policy Services	Nov. 2023	High		x			x
Claims Processing	Dec. 2022	High	x			x	
Human Resources Administration and Talent Retention	Dec. 2022	High	x				x
Legislative & External Affairs	N/A	High			x		
Strategic Communications	Mar. 2021	High			x		x
Actuarial (Pricing and Reserving)	Sept. 2023	High		x		x	
Executive Management, Management Planning and Reporting (including Plan of Operation)	May 2021	High			x		
Information Technology Services	Apr. 2022	Moderate	x			x	
Database and Application Administration	Oct. 2020	Moderate		x		x	
Legal & Compliance (including Vendor Management)	Mar. 2021	Moderate		x			x
Financial Close and Reporting <sup>(1)</sup>	Dec. 2020	Moderate			x		
Accounts Payable and Expense Processing <sup>(1)</sup>	Aug. 2023	Moderate		x			
Application Development	N/A	Moderate		x		x	
Payroll	Dec. 2022	Moderate	x				x
Accounts Receivable <sup>(1)</sup>	Oct. 2023	Moderate		x			
Facilities and Services	May 2023	Low		x			
Depopulation	Oct. 2023	Low		x			
Environmental, Social, and Corporate Governance	N/A	Low					
Cash Management	Aug. 2021	Low			x		
Premium Taxes	July. 2021	Low				x	



## 8. Underwriting

### 8A. Operational Review Update



## MEMORANDUM

DATE: January 31, 2024  
 TO: David Durden, General Manager  
 FROM: Michael Ledwik, Vice President, Underwriting  
 RE: Update on Underwriting Operational Results

### Fourth Quarter 2023 Results

TWIA Underwriting Metrics	Monthly Summary			Quarterly Summary				YTD		
	Oct-23	Nov-23	Dec-23	Q1 2023	Q2 2023	Q3 2023	Q4 2023	2023	2023 Goal	▲
Transaction Issuance	99.98%	99.96%	99.97%	97.00%	97.85%	98.98%	99.97%	98.45%	90%	8.45
Internal Underwriting QA	99.78%	99.71%	99.85%	99.48%	99.46%	98.96%	99.78%	99.42%	99%	0.42
Phone Service Level	94.24%	95.07%	95.72%	76.00%	82.49%	88.80%	95.01%	85.58%	80%	5.58
Internal Telephone QA	93.75%	96.35%	94.95%	95.67%	96.47%	96.70%	95.02%	95.97%	95%	0.97

I. Overview:

- 99.97% of transactions were issued within 10 days of receiving the application and payment.
  - a. 71% of the transactions were straight through processed by the system.
  - b. 29% of the transactions were referred by the system to Underwriting for additional information, review, and approval prior to issuance.
- Out of 72,580 calls for the quarter, 95.01% of the calls were answered under 20 seconds.

II. Agency Compliance Audits:

A standard sample of agencies (20) were selected for review in the fourth quarter of 2023 to verify compliance with the Texas Windstorm Insurance Association (TWIA) declination of coverage and flood insurance requirements. One hundred percent (100%) of agencies have completed their responses.

- All policies/agents reviewed were one hundred percent (100%) compliant with the requirement for proof of declination of coverage.



- All policies/agents reviewed were one hundred (100%) percent compliant with the flood coverage requirements. Noting that only 3% of the policies selected/reviewed required flood insurance.
- All agents selected have an active property and casualty insurance license.

## 8B. Premium Financing Update



## Memorandum

### Premium Financing

To: David Durden – General Manager  
From: Jessica Crass – Vice President, Legal & Compliance  
Re: Premium Financing

#### Summary of Issue

At the December 2023 meeting of the TWIA Board of Directors, the board expressed interest in the issue of premium financing. The board directed staff to research the current volume of policyholders utilizing premium finance plans and the legal framework around TWIA's obligations to accept premium financing agreements in light of the fact that TWIA now offers multiple interest-free installment plans to both residential and commercial policyholders.

#### Conclusion and Recommendation

Texas Insurance Code Chapter 2210 and the TWIA Plan of Operations do not contain an explicit requirement that TWIA must accept or that it may reject payment via premium finance companies.

TWIA staff recommends that the relatively low number of impacted policyholders and agents receive targeted communications regarding the interest-free payment options that are available directly through TWIA. At this time, no recommendation is being made to modify TWIA's guidelines and system to remove premium financing as a payment option.

#### Explanation

Volume of Impacted Policies. As of December 31, 2023, TWIA had 1,522 policies in force that were premium financed. Out of this total, 1,122 were residential policies and 400 were commercial policies.

Legal and Regulatory Framework. As mentioned above, neither TWIA's enabling statute, Texas Insurance Code Chapter 2210, nor its Plan of Operations within the Texas Administrative Code, contain an explicit requirement that TWIA must accept or that it may reject payment via premium finance companies.

Texas Insurance Code Chapter 651 governs Financing of Insurance Premiums; this and Chapter 2210, along with the TWIA Plan of Operation, contain procedural requirements related to the refund of TWIA policy premiums to premium financiers which indicate the



Texas Legislature and the Texas Department of Insurance contemplate the use of these arrangements by TWIA policyholders.

Lastly, TWIA's Instructions and Guidelines and Rating Rules also contemplate the use of premium finance arrangements. Any process changes related to premium finance companies would involve updating and refiling these documents with TDI.

Please let me know if you have questions or need additional information.

Jessica

## 9. Claims

### 9A. Claims Operations

# TWIA Claims Operations 2023

TWIA Claims - 2023 Results (complete year)					
Key Cycle Times (In days)	Industry Average, TX	TWIA	TWIA Plan	Variance to Plan	% Variance to Plan
FNOL to Inspect Property	6.4	3.4	<3	0.4	13%
Inspect Property to Receipt by TWIA	3.9	1.9	<8	-6.1	-76%
Total Cycle Time FNOL to Payment - Daily	N/A	9.9	<12	-2.1	-13%
Total Cycle Time FNOL to Payment - Cat	N/A	9.5	<12	-2.5	-16%
TDI Complaint Ratio					
2022	0.29% - 14 complaints from 5,066 new claims				
2023	0.25% - 22 complaints from 8,867 new claims				

Year	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
Actual Volume	324	410	349	834	567	693	924	1,257	1,238	608	773	585	502	440	446
Actuarial Projected	658	319	319	669	467	467	1,698	1,698	471	475	681	681	688	333	333
Staffing Plan	546	546	546	572	572	572	572	572	572	572	572	572	572	572	572
Open Inventory	3,010	2,973	2,892	3,217	3,402	3,465	3,453	3,756	4,252	4,116	4,007	3,843	3,711	3,531	3,449

Historical TWIA Claim Volume	
Year	Claims
2005	12,783
2006	1,862
2007	4,195
2008	99,813
2009	4,812
2010	4,801
2011	10,608
2012	8,601
2013	10,541
2014	2,843
2015	18,889
2016	8,393
2017	80,257
2018	7,242
2019	6,704
2020	14,432
2021	12,535
2022	5,066
2023	8,867



## TWIA - Claim Severity by Accident Year and LOB

### Reported Claims by LOB

Year	Residential		Commercial		GRAND TOTAL	
	Claims	% Δ	Claims	% Δ	Claims	% Δ
2019	6,530	-	159	-	6,689	-
2020	14,464	121.5%	377	137.1%	14,841	121.9%
2021	12,265	-15.2%	286	-24.1%	12,551	-15.4%
2022	4,420	-64.0%	60	-79.0%	4,480	-64.3%
2023	8,389	89.8%	162	170.0%	8,551	90.9%

### Paid Amounts by LOB

Year	Residential		Commercial		GRAND TOTAL	
	Incurred	% Δ	Incurred	% Δ	Incurred	% Δ
2019	\$16,443,573	-	\$941,867	-	\$17,385,440	-
2020	\$56,576,879	244.1%	\$7,132,559	657.3%	\$63,709,437	266.5%
2021	\$57,832,778	2.2%	\$8,065,506	13.1%	\$65,898,284	3.4%
2022	\$26,670,639	-53.9%	\$1,447,225	-82.1%	\$28,117,864	-57.3%
2023	\$47,707,678	78.9%	\$3,970,723	174.4%	\$51,678,402	83.8%

### Paid Claim Severity by LOB

Year	Residential		Commercial		GRAND TOTAL	
	Severity	% Δ	Severity	% Δ	Severity	% Δ
2019	\$2,518	-	\$5,924	-	\$2,599	-
2020	\$3,912	55.3%	\$18,919	219.4%	\$4,293	65.2%
2021	\$4,715	20.5%	\$28,201	49.1%	\$5,250	22.3%
2022	\$6,034	28.0%	\$24,120	-14.5%	\$6,276	19.5%
2023	\$5,687	-5.8%	\$24,511	1.6%	\$6,044	-3.7%

\*Paid amounts exclude loss adjustment expenses and IBNR reserves

<b>TWIA - 2023 Claims</b>				
Total Claims	Claims With No Supplemental Payments	% Claims With No Supplemental Payments	Claims With Supplemental Payments	% Claims With Supplemental Payments
8,867	8,478	95.6%	389	4.4%

<b>TWIA - 2023 Disputed Claims</b>					
Dispute Frequency			Type of Dispute		
Total Claims	Disputed Claims	% of Disputed Claims	Appraisals	Notice of Intent	Suits
8,867	169	1.91%	80	100	2

<b>TWIA - 2023 Disputed Claims With Appraisal Invoked</b>				
Total	Open/Pending	Appraisal Complete	Appraisal Process Stopped	
Appraisals	Active	Awarded	Withdrawn	Ineligible**
80	51	13	3	13
	64%	16%	20%	

<b>TWIA - 2023 Claims With Notice of Intent or Lawsuit Served</b>				
Total Nol / Suit	Notices of Intent Received	Notices of Intent Resolved	Lawsuits Received	Lawsuits Resolved
102	100	12	2	0

A single disputed claim may have more than one “type of dispute.”

### TWIA - Harvey Disputed Claims

Dispute Frequency			Type of Dispute		
Total Claims	Disputed Claims	% of Disputed Claims	Appraisals	Notice of Intent	Suits
76,722	4,362	5.69%	4,156	1,134	484

### TWIA - Harvey Claims With Appraisal Invoked

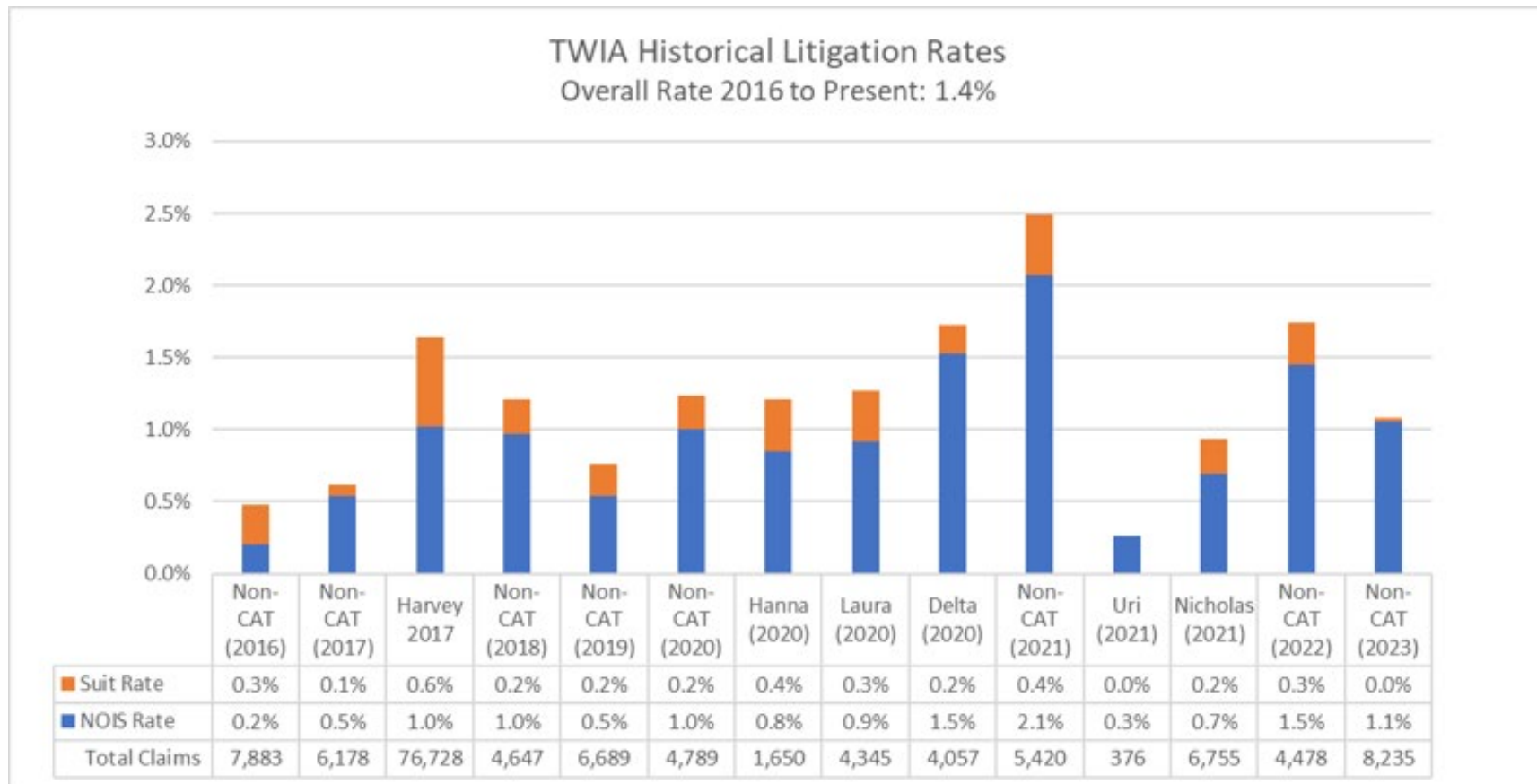
Total	Open/Pending	Appraisal Complete	Appraisal Process Stopped			
Appraisals	Active Appraisals	Appraisal Award	Suspended by Policyholder	Settled with Supplement	Withdrawn	Ineligible
4,156	0	916	8	2,234	577	421
	0%	22%	0%	54%	14%	10%

### TWIA - Harvey Claims With Notice of Intent or Lawsuit

Total NoI / Suit	Notices of Intent Received	Notices of Intent Resolved	Lawsuits Received	Lawsuits Resolved
1,618	1,134	1,109	484	462

## 9B. Litigation Summary

## TWIA Litigation Summary





## TWIA Litigation Tracking Activity

---

### Litigation Quarter Summary Fourth Quarter 2023

4th Quarter 2023	Summary of TWIA Claims in Suit			
		New	Settled	Closed
	October	2	0	3
	November	3	0	9
	December	0	0	8
	5	0	20	

4th Quarter 2023	Summary of TWIA Claims with LORs			
		New	Settled	Closed
	October	32	0	27
	November	21	0	22
	December	18	0	29
	71	0	78	





Dec-23	TWIA Active HB3 Claims with Suits/LORs: Breakdown by County											
	Aransas	Brazoria	Calhoun	Cameron	Chambers	Galveston	Harris	Jefferson	Matagorda	Nueces	San Patricio	Grand Total
	5	66	3	118	2	91	11	52	12	29	1	390

Dec-23	TWIA Active HB3 Claims with Suits/LORs: Breakdown by Plaintiff Firm	
	Firm	#
	Furlow Law Firm	90
	Baker Law	65
	Chad T. Wilson	56
	Palker Law Firm	25
	Hodge Law Firm	19
	Crowell & Kucera	12
	Gibson Legal Group, PLLC	11
	Carrigan & Anderson	8
	Brasher Law Firm	8
	Omar Ochoa Law Firm	7
	Omar Ochoa Law Firm & Victor Rodriguez Law Firm PLLC	6
	Remaining 55 firms	83
	TOTAL	390



# 10. TWIA Operations

## 10A. IT Systems Update



## MEMORANDUM

---

DATE: January 31, 2024  
TO: David Durden, General Manager  
FROM: Camron Malik, CIO / VP IT  
RE: TWIA Information Technology status

---

All projects are making good progress and are on track. The Surcharge for Bonds project has completed development and is in the process of being archived until we decide to enable the capability when the business will complete User Acceptance Testing (UAT). The functionality itself will only be used in the event a surcharge is required and authorized.

The Cloud program continues to move forward. In fact, we met the first major milestone by completing the technical upgrade. The System Integrator led portion of the program kicked off on January 8<sup>th</sup> and we are nearing the completion of the Inception phase, which involves requirements articulation, defining architecture and planning the work streams. The next step will be to finalize the project plans and start the Construction phase of the program.

The recent substantial increase in Written Premium and projections for further growth led us to renegotiate the terms of the cloud contract. This included increasing our premium threshold from \$650 Million to \$1 Billion and the license costs were renegotiated to reduce the impact of overage charges, which are incurred after the threshold is passed. This increased our baseline fees but contained them below overage charges expected in the original contract.

Overall systems continue in production support mode with a monthly cadence of releases and the Infrastructure and Operations team continues to support the organization.

## 10B. Communications and Legislative Affairs Update



# Memorandum

---

DATE: February 1, 2024  
TO: David Durden, General Manager  
FROM: Sarah Edstrom, Senior Strategic Communications Manager  
RE: Communications Operational Highlights

---

## **Update on Windstorm Certification (WPI-8C) Lookup Feature on TWIA Website**

The TWIA website's WPI-8-C lookup feature enables agents and policyholders to search for and request windstorm certificates issued by TWIA, reducing phone calls on the issue and some frustrations associated with certificate searches. The webpage can be viewed here: <https://www.twia.org/wpi-8-lookup/>.

- From its launch on 8/18/23 to 1/25/24, more than 900 WPI-8-C requests have been submitted.
- On average, certificates are emailed to the requestor within 24 business hours.
- The WPI-8-C lookup webpage ranks as the 8th most visited page on the website.
- Given its successful launch, we plan to increase its visibility and promote it further to maximize its benefits.



## MEMORANDUM

---

DATE: February 5, 2024  
TO: David Durden, General Manager  
FROM: Anna Stafford, Senior Manager, Legislative & External Affairs  
RE: Legislative Affairs & External Affairs Operational Highlights

---

### I. Legislative & Regulatory Affairs

- a) Legislative Implementation: Staff launched a Legislative Implementation Program for the 88th Session (LIP 88) to put into effect the new laws impacting Association operations. Following is the status of enacted Association-related legislation:
- Senate Bill 2232 – Agent Requirements: This bill allows TWIA to implement requirements agents must comply with to offer or sell an Association policy. Staff continues to evaluate potential agent requirements to be implemented under this bill and seek feedback from the Agent Advisory Group as part of this process. We expect to complete the implementation of this bill in Q3 2024.
  - Senate Bill 2233 – Exclude Commercial Risks from Automatic Renewal Process: Staff has been working on system and process changes to remove commercial policies from automatic renewals and drafting new policy expiration notices and other documents to comply with this bill. We expect to implement these changes in Q2 2024.
  - House Bill 3310 – Appraisal Deadlines: This bill, which establishes deadlines for TWIA's claims appraisal process, went into effect on January 1. On January 2, TDI announced the adoption of rules implementing the bill. TWIA's Claims Department has updated our processes to conform to the new rules and Claims staff has completed training on the new processes. This completes TWIA's implementation of this bill.
  - House Bill 998 – TFPA Property Owner's Association Policies: This bill will require the Texas FAIR Plan Association to offer insurance to homeowners' and condominium owners' associations in designated areas adjacent to the TWIA coverage area. TDI issued a request for information and comment from the public in January related to the agency's implementation of the bill. Staff is exploring options to issue and administer these policies in house or through a third-party vendor as we await TDI's decision on designating a geographic area where this coverage can be offered. The bill requires these policies to be offered by September 1, 2024.
- b) Legislative Meetings: Association staff met in October with the office of Rep. Dennis Paul (Harris County) to discuss implementation of House Bill 998.



- c) Stakeholder Inquiries: From July 1 through September 30, 2023, we received and responded to 10 legislative and TDI inquiries related to general TWIA issues and four key stakeholder inquiries from the Independent Insurance Agents of Texas and The Brannan Firm on the Board's consideration of agent commissions.
- d) Operational Updates: We continue to provide regular email updates to the Board, the Texas Department of Insurance (TDI), legislative staff, and coastal elected officials and stakeholders about TWIA's operational activities.

## II. **Agent Advisory Group (AAG)**

- a) The AAG met for its first quarterly meeting on February 5, 2024. Discussion topics for the meeting included:
  - Agent training and system enhancement recommendations from ITS Consulting, Inc. included in its agent time study report. Staff reviewed and requested feedback from the AAG on several of the recommendations;
  - Implementation of updated building cost factors for renewal policies carrying the Adjusted Building Cost endorsement;
  - Upcoming vacancies on the TWIA Board of Directors;
  - The status of legislative changes staff is implementing from last year's legislative session; and
  - System functionality updates, including multifactor authentication, implementation of the Paymentus digital bill payment system, and the transition to the cloud.
  - Garry Kaufman was reelected as Chair of the AAG.
  - AAG members Bruce White formerly of Texas Farm Bureau and Carie Roach, now of the Independent Insurance Agents of Texas, have left the group. Justin Ingram will replace Mr. White as Texas Farm Bureau's representative. We are soliciting nominations from the AAG for a replacement for Ms. Roach.

## 10C. Review of ITS Recommendations



# MEMORANDUM

DATE: February 7, 2024

TO: David Durden, General Manager

FROM: Anna Stafford, Senior Legislative & External Affairs Manager

RE: ITS Consulting Agent Time Study Recommendations

ITS Consulting (“ITS”), the vendor engaged to complete an agent time study as part of the Agent Commission Study project, included several training and system enhancement recommendations for TWIA in their report. ITS made a total of 29 recommendations for TWIA in the time study report based on ITS Consulting’s agency visits and the results of a survey we sent to agents in September 2023 about our quoting and renewal processes.

Staff met to discuss the recommendations and determine which would be feasible for us to implement, those we did not think it appropriate to pursue, and those for which we wanted the Agent Advisory Group’s feedback.

Staff met with the AAG on February 5 to discuss recommendations under our consideration, those we are already pursuing as part of our post-ELEVATE system improvements, and those for which we needed additional information from them to understand their impact to agents.

## Training Recommendations

ITS included eight training recommendations in their agent time study report. Staff did not solicit feedback from the AAG on these recommendations. However, staff is evaluating improvements to our training resources and methods to ensure agents have access to the training they need.

Some training initiative changes may also result from TWIA’s implementation of Senate Bill 2232 (88<sup>th</sup> legislative session), which allows TWIA to put in place requirements agents must comply with to offer or sell TWIA policies. Staff plans to solicit the AAG’s feedback on any agent requirements and standards we put in place to implement Senate Bill 2232.

ITS Recommendation	Reported Benefits from ITS
Create job aids with TWIA’s underwriting guidelines, requirements, and best practices for each transaction type in the system.	Improves communication with agents. Provides an additional resource for agents. Helps with training of new resources that come on board.



# MEMORANDUM

ITS Recommendation	Reported Benefits from ITS
<p>Conduct a webinar with the agencies to review these job aids and post them on the TWIA.org website. (Note that these already exist but may not be well adopted by end-users).</p>	<p>Improves communication with agents. Provides another resource for agents to learn about the system and TWIA processes.</p>
<p>ITS recommends that TWIA create new training materials that reduce the length of the videos to under three minutes and provide one-page job aids that allow them to find the information that they want more quickly.</p>	<p>Provides a new method for agents to access support and training. Improves the likelihood that these resources are used. Reduces agency investment from requiring long periods of training to quick “bites” of training that can be delivered when they need it.</p>
<p>Train agents on better ways to find the WPI-8 certificates, flood zone information, and home details.</p>	<p>Will reduce the amount of time that agents spend searching for WPI-8 forms, flood zone data, and home details which is some of the more time-consuming parts of issuing a new policy. Will eliminate a key source of agent frustration.</p>
<p>Train agents not to manually submit renewals. This leaves them open to be changed until the automated renewal process completes.</p>	<p>Will eliminate the problem of agents being unable to change renewals after they have manually submitted them.</p>
<p>Train agents on the flood insurance process.</p>	<p>Some agents are currently spending time documenting the flood zone when it is not required by TWIA for audit purposes. This would prevent them from spending that time.</p>
<p>TWIA may want to consider requiring training for their agents to be able to submit policies.</p>	<p>Will improve the quality of applications being received. Will reduce agency dissatisfaction with the system since users understand it better.</p>
<p>If TWIA decides to require training for agency users, implement a learning management system (LMS) to provide eLearning and to track the individual learner’s completion of the courses.</p>	<p>A learning management system (LMS) is a relatively inexpensive way to deliver online training and track results. Provides quick, real-time access to metrics on which users have completed training, progress towards completion, etc. The system could also be used to deliver training to internal employees. For example, many companies use this type of software to deliver and track their security and human resources-related training.</p>

# MEMORANDUM

## System Enhancement Recommendations

ITS provided TWIA with 21 recommendations related to our policy administration system and policy application processes that could potentially benefit agents. Staff made the decision not to pursue or present five of the system enhancement recommendations to the AAG.

The tables below include staff’s response to each recommendation along with AAG feedback on those items we discussed at the February 5 AAG meeting. Currently, staff has not developed implementation dates for the recommendations we intend to pursue.

ITS Recommendation	AAG Response	TWIA Response
Extend the time for a quote to expire in the system to 60 days. Allow the agent to change the effective date on a quote and re-rate it rather than having to re-enter it from scratch.	The AAG clarified they would like to extend the quote expiration timeline to 60 days.	Staff will extend the quote expiration timeline to 60 days based on the AAG’s feedback.
Allow a method for the agent to change the effective date on a submission for a real estate closing change. This may require a cancel/rewrite. If access to the cancel/rewrite process is granted to agents, it should run the same approval rules as a new business application to ensure that it is routed for underwriter review when needed.	The AAG approved of this proposed functionality to assist them with changing policy effective dates.	Staff will add system functionality to allow an agent to request that Underwriting change a policy effective date through the agent portal (similar to cancellation requests).
Add a button to print the application before the policy is bound/submitted.	The AAG emphasized the benefit of this change to make it easier for their clients to sign policy applications and asked that TWIA seriously consider implementing this change.	Staff is evaluating how to implement this change.
Allow agents to make payments on the policy at any time. This should include ACH and Credit Card payments as well as the ability to use agency sweep accounts if supported by the system. Consider adding payments by phone or IVR to better	The AAG agreed that having the ability to make a payment after a transaction has been completed would allow them to better service their clients.	Staff is exploring options to provide functionality that would allow agents to pay a policy at any time. Due to security/legal issues we cannot allow agents to enroll policyholders in automatic payments, however, we are



# MEMORANDUM

ITS Recommendation	AAG Response	TWIA Response
<p>accommodate elderly clients or those who cannot use a computer.</p> <p><b>AND</b></p> <p>Add the ability for the agent to enter the automated payment information when they select the payment plan rather than requiring the insured to set up an account in the Policyholder Portal to enter this information.</p> <p><b>(2 Payment Recommendations Combined)</b></p>		<p>looking at changes to make the payment process easier for agents and policyholders.</p>
<p>Automatically close the requalification activity once the requalification is completed.</p>	<p>The AAG supported TWIA's implementation of this recommendation.</p>	<p>Staff intends to pursue this functionality.</p>
<p>Review and refine the process for renewals on mortgagee-bill policies. In the survey, there were several comments related to problems with mortgagee-paid accounts. Agents cited challenges because they could not change mortgagee information after the renewal had been processed but before it was paid. This may be eliminated with training on when and when not to submit a renewal.</p> <p>Additionally, it appears that invoices are being generated to both the insured and the mortgagee at renewal, which is causing confusion. If the policy is on mortgagee-bill, either only the mortgagee copy should be sent, or the insured copy should be clearly marked "this will be paid by your mortgage company" or something to that effect.</p>	<p>The AAG agreed that adding language to invoices to clarify when the mortgage company is responsible for payment would be helpful.</p>	<p>Staff will add language on policy invoices to notify agents and policyholders when the policy is set up to be billed and paid by the mortgage company.</p>
<p>Implement address validation for the insured location at the start of a quote to allow the system to look up address information for the user rather than making them enter the entire address and related information such as the county.</p>	<p>The AAG agreed with adding this feature and asked that TWIA optimize it so that agents don't have to validate an existing location address when it is not required.</p>	<p>Staff will add and optimize a feature allowing agents to validate the insured property location against the USPS address database.</p>





# MEMORANDUM

ITS Recommendation	AAG Response	TWIA Response
Currently, address validation only happens when the policy is submitted and only applies to the mailing address.		
Automate the lookup of the flood zone.	The AAG does not think implementing this recommendation is necessary as they are currently able to get the information they need through the flood insurance carriers.	Staff does not intend to pursue this recommendation based on AAG feedback.
Eliminate the time that agencies spend entering information and uploading documents into their agency management system by implementing agency download.	The AAG does not believe it is necessary for TWIA to implement this recommendation.	Staff does not intend to pursue this recommendation based on AAG feedback.
<p>Default the fields for Personal Property based on the selections made for the Dwelling.</p> <p>For example, the contents limit could be a percent of the dwelling limit, and if the dwelling is at replacement cost, personal property should be too.</p>	The AAG had no comment on this recommendation.	Staff does not intend to pursue this recommendation based on AAG feedback and staff's concerns that it would be difficult to find one standard that met all agents' needs.
<p>Work with TDI to consolidate the WPI-8-C forms currently on the TWIA website into the main TDI repository. If it's not possible to consolidate the data sources, eliminate the requirement that agents must request the WPI-8-C's. They should be available immediately online.</p> <p><b>AND</b></p> <p>Create a method to retrieve the WPI-8 certificates electronically and add them to the system rather than having agents look them up and upload them to PolicyCenter.</p> <p><b>(2 WPI-8 Recommendations Combined)</b></p>	The AAG agrees that both recommendations would be beneficial because it would allow agents to get all WPI-8 information from one location; even with TWIA's new WPI-8-C look-up function, they still have to wait to receive the requested documentation.	Staff will ask TDI if they can provide access to their WPI-8 database so we can explore options for providing agents with a single location for obtaining WPI-8 and WPI-8-C information from TWIA's system.
Work with MSB to reduce the number of valuations that cannot	The AAG had no comment on this recommendation.	Staff is not pursuing this recommendation directly, but



## MEMORANDUM

ITS Recommendation	AAG Response	TWIA Response
pre-fill so that agents spend less time updating the valuation.		we believe this issue might be partially mitigated through the validation of insured property locations against the USPS address database.
Consider implementing the LexisNexis Current Carrier interface to obtain the information on the primary homeowners policy and also to confirm that the coverage is actually in place.	The AAG did not think implementing this recommendation was necessary.	Staff does not intend to pursue this recommendation based on AAG feedback.
Review the documentation that agents are required to upload into the system. Reduce the required documentation to only those items that will actually be reviewed by an underwriter or other user. In some cases, the underwriting guidelines specify that the agent must retain the information and provide it in event of audit, but they are uploading it into the system on every policy.	The AAG had no comment on this recommendation.	Staff believes this recommendation may be resolved through agent training.

### *Recommendations TWIA Will Not Pursue*

ITS Recommendation	Reported Benefit from ITS	TWIA Response
<p>Grant all agency users access to PolicyCenter.</p> <p>As an alternative, TWIA may want to explore moving to a newer version of PolicyCenter that has portals with more functionality available.</p>	<p>Many carriers allow agents to use both the Portal and PolicyCenter. Most agents in the field prefer the portal due to its simplicity, whereas CSRs prefer PolicyCenter due to the more powerful functionality.</p> <p>Providing access to PolicyCenter will give back the agents some of the functionality that was lost when the portals were implemented.</p> <p>This will reduce agent frustration and increase customer satisfaction</p>	<p>Staff disagrees with this recommendation. The agent portal offers all the functionality an agent needs to transact business with TWIA, and no functionality has been lost to agents with the implementation of the current system.</p>



## MEMORANDUM

<p>Allow the agent to change the payment plan mid-term during the policy.</p>	<p>Allows agents to better serve their insureds.</p>	<p>Staff does not intend to implement this recommendation. We believe this change has the potential to cause downstream billing and payment issues.</p>
<p>Allow the agent to add multiple structures to one policy so a second policy does not have to be created for a detached structure on the property.</p> <p>The additional policy is needed whenever a residential policy has other structures that exceed 10% of the dwelling's insured value.</p> <p>In a prior version of PolicyCenter, the commercial platform was used for residential policies, which allowed policies to include additional structures. That is not the case with the current version, which is why a separate policy is needed.</p>	<p>Reduces policy management efforts by all parties due to fewer policies needing to be managed.</p> <p>Is easier for insureds and agents to understand and track.</p> <p>Reduces maintenance and effort on the part of mortgagees as they have fewer policies to manage in escrow accounts.</p>	<p>Staff does not agree with this recommendation. The small number of policies with multiple structures does not warrant allowing this functionality in our current system. The current process also avoids confusion at the time of claim adjudication because it enables TWIA to isolate the impacted location correctly.</p>
<p>In the Agency Portal, allow the user to switch between the links in the left-side navigation list rather than having to click through and edit all of them. On renewals and policy changes, the user must touch every section of the policy. They should only need to touch the portions of the policy that are changing.</p>	<p>Will reduce agent dissatisfaction with the agency portal as they feel it has too many screens/clicks.</p> <p>Will make the process of handling policy changes and renewals more efficient.</p> <p>Reduces the risk of data entry errors on screens that do not need to be touched.</p> <p>This feature is standard functionality in PolicyCenter.</p>	<p>Staff does not agree with this recommendation. There are information dependencies between the application screens in TWIA's agent portal. Allowing agents to jump to screens without validating dependencies or making changes to the interdependencies would cause problems in the application and may confuse agents.</p>
<p>Agents spend a lot of time updating the valuation to get the value for the homeowner's policy to match the wind policy. Most carriers will have already</p>	<p>Will reduce the amount of time that the agent has to spend in MSB trying to get the valuations to match.</p>	<p>Staff does not agree with this recommendation. TWIA has a process for working with agents if needed to align a policies' TWIA replacement cost estimate</p>



## MEMORANDUM

---

<p>required the agent to provide a valuation to justify the limit on the primary policy. As an alternative to tweaking the MSB to match the primary homeowner's policy limits, provide an option for the user to enter the limit from the primary home policy and use that as the dwelling limit on the wind policy.</p>	<p>Will provide higher satisfaction for insureds and mortgagees who want the primary and wind policy limits to match.</p>	<p>with what was generated for their homeowner's coverage. This process ensures consistency in determining a policyholder's property valuation and coverage limits.</p>
--	---	---



## 14. Future Meetings

May 7, 2024 – Hyatt Regency

Austin

August 6, 2024 – Tremont House

Galveston

December 10, 2024 – Omni Hotel

Corpus Christi