

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

May 6, 2025
Marriott Austin South
4415 South IH 35
Austin, TX 78744
9:00 a.m.



TEXAS WINDSTORM
INSURANCE ASSOCIATION

Interested parties can listen to the meeting live by going to www.twia.org.
Go to "About Us/Board Meetings" and click on the webinar link.

Interested parties may attend the meeting and offer public comment in person or at the
Marriott Austin South or virtually via Zoom Webinar.

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

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

2. Introduction of New Board Members – *Karen Guard* *5 minutes*

3. Approve the Minutes from Prior Board of Directors Meeting *5 minutes*
– *Karen Guard* – **Action/Vote Likely***

4. Election of Officers – *Karen Guard* – **Action/Vote Likely***

5. Public Comment *15 minutes*

6. TWIA Operational Dashboard – *David Durden* *15 minutes*

7. Financial *45 minutes*
 - A. Report of the Secretary/Treasurer – *Karen Guard* – **Action/Vote Likely***
 1. Income Statement
 2. Management Discussion and Analysis
 - B. Financial Statement Review – *Stuart Harbour*
 1. Income Statement and Expense Statement
 2. Balance Sheet
 3. Cash & Short-Term Investments
 4. Cash Flow Statement
 5. Historical Data
 - C. Investment Plan Review – *Stuart Harbour* – **Action/Vote Likely***
 - D. 2025 Hurricane Season Line of Credit – *Stuart Harbour* – **Action/Vote Likely***
 - E. Financial Audit by Calhoun, Thomson + Matza – *Clark Thomson*
 1. Audit Wrap-Up Reports
 2. Statutory Report – **Action/Vote Likely***
 3. GASB – **Action/Vote Likely***
 4. Internal Control Letter

- | | |
|--|-------------------|
| 8. Actuarial – <i>Jim Murphy</i> | <i>30 minutes</i> |
| A. Policy Count/Exposures | |
| B. Reserve Adequacy | |
| C. 2025 Funding; Reinsurance – <i>Gallagher Re</i> | |
| 9. Internal Audit Status & Update – <i>Dan Graves – Weaver</i> | <i>10 minutes</i> |
| 10. Underwriting Operational Review Update – <i>Michael Ledwik</i> | <i>10 minutes</i> |
| 11. Claims | <i>10 minutes</i> |
| A. Claims Operations – Overview – <i>Dave Williams</i> | |
| B. Claims Litigation – <i>Jessica Crass</i> | |
| 12. TWIA Operations | <i>20 minutes</i> |
| A. IT Operations Update – <i>Michael Eleftheriades</i> | |
| B. Communications and Legislative Affairs Update – <i>David Durden</i> | |
| 13. Closed Session (Board Only) | <i>15 minutes</i> |
| A. Personnel Issues | |
| B. Legal Advice | |
| 14. Consideration of Issues Related to Matters Deliberated in Closed Session That May Require Action, if any, of the Board of Directors – Action/Vote Likely* | <i>5 minutes</i> |
| 15. Committees – <i>Karen Guard</i> – Action/Vote Likely* | <i>5 minutes</i> |
| A. Actuarial and Underwriting Committee Vacancies | |
| 16. Future Meetings – <i>Karen Guard</i> | <i>5 minutes</i> |
| A. Future Meeting Dates | |
| • August 5, 2025 – Tremont House – Galveston, TX | |
| • November 4, 2025 – Omni Hotel – Corpus Christi, TX | |
| 17. Adjourn | |

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

3. Approve the Minutes

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

Moody Gardens Hotel
7 Hope Blvd.
Galveston, TX

February 25, 2025

The Following Board Members were Present:

- | | |
|--------------------------------------|---------------------------------------|
| 1. Karen Guard (Secretary/Treasurer) | Industry Representative |
| 2. Esther Grossman | Industry Representative |
| 3. Tim Garrett | Non-Seacoast Territory Representative |
| 4. Peggy Gonzalez | First Tier Coastal Representative |
| 5. Greg Smith | First Tier Coastal 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 and Compliance | TWIA |
| 5. Michelle Friesenhahn, VP People and
Business Operations | TWIA |
| 6. Michael Ledwik, VP Underwriting | TWIA |
| 7. Jim Murphy, Chief Actuary | TWIA |
| 8. Michael Eleftheriades, Interim Chief
Information Officer | TWIA |
| 9. Amy Koehl, Senior Project Administrator | TWIA |
| 10. Kristina Donley, Senior Instructional Designer | TWIA |
| 11. Jessica Davidson, Project Administrator | TWIA |
| 12. Mike Perkins, Association Counsel | Perkins Law Group PLLC |

The Following Guests Were Present:

- | | |
|-----------------|--------|
| 1. Jim Conroy | Aon |
| 2. Minchong Mao | Aon |
| 3. Dan Schweitz | Aon |
| 4. Dan Graves | Weaver |

The Following In Person Attendees Were Present:

- | | |
|-----------------------------|----------------------------------|
| 1. Sharon O'Connor | Coastal Windstorm Ins. Coalition |
| 2. Terrilyn Tarlton Shannon | Coastal Windstorm Ins. Coalition |
| 3. George Taylor | FB Taylor Insurance |
| 4. Allen Cashin | Gallagher Re |
| 5. Morgan Huhndorff | Gallagher Re |
| 6. Alicia Robinson | Gallagher Re |
| 7. Joey Walker | Gallagher Re |

8. Bill Dubinsky	Gallagher Securities
9. Andrew Ellison	Guy Carpenter
10. Maggie Albrecht	Office of Rep. Terri Leo Wilson
11. Brie Little	Office of Sen. Mayes Middleton
12. Marianne Baker	TDI
13. Elizabeth Ret	TDI

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

1. Brooke Adam	18. Jordan He
2. Sally Bakko	19. Andrew Herrell
3. Jeff Bernsen	20. Elizabeth Howland
4. Shirley Bowler	21. Shelina Jamani
5. Liz Bury	22. Tammy Jensen
6. Eric Casas	23. Scot Kibbe
7. David Clark	24. Debbie King
8. Ginny Cross	25. Alan Korenek
9. Lou Cusano	26. Travis McDavid
10. Johny Dussan	27. Marianne Moul
11. Jeremy Eisemann	28. Carie Roach
12. Theresa Elliott	29. Kenisha Schuster
13. Steve Evans	30. Jai Singh
14. Angela Fang	31. Aaron Taylor
15. David Garrelick	32. Iann Villar
16. Nadia Gonzales	33. Ron Walenta
17. Steve Hallo	

1. Call to Order: Ms. Guard called the meeting to order at 9:02 a.m. Board members were provided with a copy of the anti-trust statement and reminded of the prohibitions in the anti-trust statement by counsel. Mr. Perkins presented the required conflict-of-interest disclosures on behalf of each board member. Kristina Donley provided meeting logistics information to the attendees.
2. Approval of Minutes: Ms. Grossman moved to approve the minutes of the December 10, 2024 meeting in Corpus Christi. Mr. Smith seconded the motion. The motion passed unanimously.
3. Election of Officers: This item was pushed out from the December board meeting. Ms. Guard asked the board members what they thought about office elections. Mr. Garrett said he thought the elections should be postponed. Mr. Perkins concurred that they could push back the elections until there is a full board.
4. Public Comment: Maggie Albrecht, Terrilyn Tarlton Shannon, Brie Little and Sally Bakko offered public comment.

5. TWIA Operational Dashboard: Mr. Durden reviewed the operational dashboard for the quarter. Written and earned premiums are up for the quarter. Staff headcount is 431, including 229 permanent employees and 202 contractors.
6. Financial:
- A. Report of the Secretary/Treasurer: Ms. Guard reviewed the Treasurer's Report. Ms. Grossman moved to approve the report. Mr. Garrett seconded the motion. The motion passed unanimously.
- B. Financial Statement Review by Staff: Direct written premiums for the year ended December 31, 2024 totaled \$758.8 million. Direct earned premiums were \$709 million. There were 272,567 policies in force at the end of the year.

The 2024-2025 reinsurance program incepted June 1, 2024. Coverage for the 2024 hurricane season consists of \$2.1 billion collateralized catastrophe bonds and \$1.950 billion traditional reinsurance. Gross ceded premiums associated with the \$4.050 billion in coverage totaled \$397.1 million compared to a budgeted estimate of \$298 million. This total reflects an overall rate-on-line (ROL) of 9.6% compared to the 9.1% ROL for the 2023-2024 program. The net cost of the reinsurance program after ceding commission was \$386.1 million. Reinsurance premiums ceded are recognized over the hurricane season beginning June 1 and ending on November 30 of each year.

There was no round seven depopulation program in 2023/2024 because no carriers registered to participate.

Calendar year 2024 total direct losses and LAE incurred totaled \$634.4 million

Calendar year 2024 operating expenses were \$38.1 million. Notable expense items under budget include personnel expenses (\$2.5 million) and other expenses including rental, travel and postage (\$280,000). Expenses over budget include professional and consulting services (\$415,000) and hardware and software (\$218,000).

Calendar year 2024 commission expense was \$121.3 million and premium taxes were \$13.2 million.

- C. Withdrawal of Funds from Catastrophe Reserve Trust Fund: Hurricane Beryl, a category 1 hurricane, struck coastal policyholders on July 8, 2024 and caused extensive damage primarily in Brazoria, Matagorda and Galveston counties. The hurricane resulted in nearly 32,000 claims with ultimate losses and loss adjustment expenses currently estimated to be \$480 million as of December 31, 2024. Losses from this storm (third highest in TWIA history), combined with operating expenses and losses from the severe convective storms in March and May of 2024 significantly exceeded available premiums and other revenues and require the Association to utilize the funding structure spelled out in the enabling statute.

Based on year-end results, the Association will file a written statement to the Commissioner of the Texas Department of Insurance and the Texas Comptroller that Hurricane Beryl qualifies as a catastrophic event and that losses and operating expenses exceed premiums and other revenues and affirm that reinsurance proceeds are not available as the losses did not reach the reinsurance level. Given the current estimated total losses and loss adjustment expenses attributable to Beryl, the bond and assessment layers do not, at least at this time, appear to be reached as well. The communication will include the total amount of the estimated catastrophic losses and amounts available to pay policyholder claims reflected above.

In conjunction with the statement above, staff will file a request to the TDI Commissioner to instruct the state comptroller to transfer \$462,727,559 to TWIA representing the portion of the catastrophic loss that exceeds the 2024 Association's premium, other revenues and available reserves.

7. Actuarial:

- A. Policy Count/Exposures: Policy counts are up just over 10% year over year and exposures are up 19%. The growth is all residential. The Association's commercial policy count has not grown.
- B. Reserve Adequacy: The TWIA actuarial staff has completed a review of the Texas Windstorm Insurance Association loss and loss adjustment expense reserves as of December 31, 2024.

As of December 31, 2024, TWIA carried \$161.6 million in total gross loss and loss adjustment expense reserves. The total gross loss and loss adjustment expense reserves include the reserves for Hurricane Harvey, Hurricane Beryl and all other outstanding claims.

Based on this review, the estimate of ultimate gross loss and expense associated with Hurricane Beryl has been updated to \$480 million. TWIA actuarial staff will continue to monitor the development of claims associated with this event and update the ultimate estimate as necessary going forward. The selected ultimate gross loss and expense estimate for Hurricane Harvey remains at \$1.655 billion.

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. Appointed Actuary Qualification Documentation: Annual statement instructions require the Appointed Actuary to provide qualification documentation to the board regarding their appointment and on an annual

basis thereafter. The board most recently appointed Mr. Murphy as the Appointed Actuary for the Texas Windstorm Insurance Association at its February 14, 2023 meeting.

- D. Determination of 2025 Funding; Including Aon Modeling Update, Reinsurance Procurement and Determination of Probable Maximum Loss for a Catastrophe Year with a Probability of 1 in 100: Representatives from Aon reviewed the presentation provided in the meeting materials. Ms. Grossman asked if the models consider El Nino or La Nina weather patterns. Mr. Schwietz said they were folded into the models. Ms. Grossman said she wanted to express her concern in the increase of mobile home policies the Association is issuing. She said it is her understanding that TWIA will issue a policy as long as the policyholder has been rejected from a carrier. She said mobile homes are different from residential structures and they are at a greater risk for catastrophic activity. Mr. Murphy said when exposures are provided for the modeling, it is noted if it contains mobile homes and it is reflected in the modeling results.

Ms. Grossman said the board needs to think about other states and what they face with funding and other aspects when it comes to catastrophes. She doesn't want Texas to become a California with underfunding. She asked Mr. Murphy and the Aon representatives what their recommendation would be in regards to modeling. Mr. Murphy said AIR and RMS are the most accepted models and they are older.

Ms. Grossman moved to have a balance of 25% for each model. Ms. Guard seconded the motion.

A roll call vote was conducted.

Tim Garrett – No
 Esther Grossman – Yes
 Greg Smith – No
 Peggy Gonzalez – No
 Karen Guard – Yes

The motion did not pass.

Mr. Garrett moved to average the results from the catastrophe models using the following weights: RMS 25%, RQE 25% and IF 50%. Mr. Smith seconded the motion.

A roll call vote was conducted.

Tim Garrett – Yes
 Esther Grossman – Yes

Greg Smith – Yes
Peggy Gonzalez – Yes
Karen Guard – Yes

The motion passed unanimously.

Mr. Smith moved that the model results would be based on long-term assumptions. Ms. Grossman seconded the motion. The motion passed unanimously.

Mr. Garrett moved that the board agrees the words, “total available loss funding” in statute contemplates inclusion of loss adjustment expenses in determining the probable maximum loss for the Association for a catastrophe year with a probability of 1 in 100. Ms. Grossman seconded the motion. The motion passed unanimously.

Ms. Grossman moved the board agrees based on the foregoing and the information presented that for catastrophe year 2025 the 1 in 100 probable maximum loss amount is \$6,227,000,000. Mr. Garrett seconded the motion. The motion passed unanimously.

Mr. Garrett moved the board directs the Association’s reinsurance broker to pursue placement of the reinsurance program for the 2025-2026 reinsurance contract year using a combination of catastrophe bonds and traditional reinsurance for an aggregate funding amount of \$6,227,000,000 on the most favorable terms that can be achieved in the market. Ms. Grossman seconded the motion. The motion passed unanimously.

- E. Overview of 2025 Funding Plans: 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 2025 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 25 board meeting.
8. Internal Audit Status & Update: Mr. Graves reported that the current internal audit activities include customer experience, strategic communications and cash management. Upcoming audits include claims processing HR administration and talent retention, executive management and information security. Mr. Graves reviewed the current TWIA audit findings summary.
9. Underwriting Operational Review Update: For the fourth quarter of 2024, over 99.98% of transactions were issued within 10 days of receiving application and payment. Of

those transactions, 98% were straight through processed by the system and 2% were referred by the system to underwriting for additional information, review and approval prior to issuance. Out of 88,519 calls for the quarter, 92.17% of the calls were answered in under 20 seconds.

A standard sample of agencies (10) was selected in the fourth quarter of 2024 to verify compliance with the Texas Windstorm Insurance Association (TWIA) declination of coverage and flood insurance requirements. Of those agencies, 100% were compliant with the declination and flood provisions. All agents selected have active property and casualty insurance licenses.

10. Claims:

- A. Claims Operations: First notice of loss to property inspection was 4.6 days. The total cycle time of first notice of loss to payment (daily) was 10.7 days. The total cycle time of first notice of loss to payment (catastrophe) was 16.1 days. Historical claim volume for 2024 is 43,012. Mr. Smith asked about open claims from Beryl and if they have been paid yet. Mr. Williams said with the new guidelines, claims are kept open for six months after the claim decision. For many of the open claims, payment has been issued.
- B. Litigation Summary: For the fourth quarter of 2024, two new claims in suit were received, 10 were settled and six were closed. For TWIA claims with letters of representation, 364 were received, 18 were settled and 85 were closed.

11. TWIA Operations:

- A. IT Systems Update: The cloud migration project is ongoing. The user acceptance testing phase for core insurance suite components began in December. The testing phase for portals started in February as well as for the enterprise data warehouse. The go live date is still planned for the weekend of April 25.

For remote user workstations, the proof of concept to change the connection methodology for remote TFPA internal users was successful. The rollout was completed at the end of January 2025.

Microsoft Copilot was rolled out to a select group of users in December to evaluate functionality and applicability to the organization.

Systems are functioning well with monthly releases that are limited to critical business items that are selected by the respective departments.

- B. Communications and Legislative Affairs Update: The 89th legislative session convened on January 14. TWIA has completed the implementation of all changes mandated by legislation enacted in the 2023 legislative session.

The filing deadline for legislation for this session is March 14. To date, relatively few bills have been filed concerning the property and casualty

insurance industry and only a small number are directly focused on the Association.

- C. Procedure to Appoint Interim GM If Needed/Required: In the event the General Manager of the Texas Windstorm Insurance Association (TWIA) and the Texas FAIR Plan Association (TFPA) becomes suddenly incapacitated and unable to perform their duties due to injury, illness or other unforeseen circumstances, the following steps will be taken:

The chair of the TWIA Board of Directors will designate an interim general manager. The chair of the TFPA Governing Committee will be notified of the appointment.

Staff will utilize protocols within the Associations' existing policies, including the Business & Continuity Plan, Continuity of Operations Plan and Crisis Communications Plan, as needed to maintain minimal disruption to the Associations' operations.

The TWIA board chair will determine an anticipated end date to the interim general manager's appointment and establish a check in frequency to monitor the general manager's status and either end the interim general manager's appointment or extend the timeframe.

12. Closed Session: There was no closed session.

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

14. Committees: There was nothing to consider.

15. Future Meetings: Mr. Durden discussed moving the December meeting to November. November seems to work better timewise with the holidays and it spaces the meetings out properly.

- May 6, 2025 – Hyatt Regency – Austin
- August 5, 2025 – Tremont House – Galveston
- Move December Meeting to November

16. Adjourn: The meeting adjourned at 11:56 am.

Prepared by: Amy Koehl
Senior Project Administrator

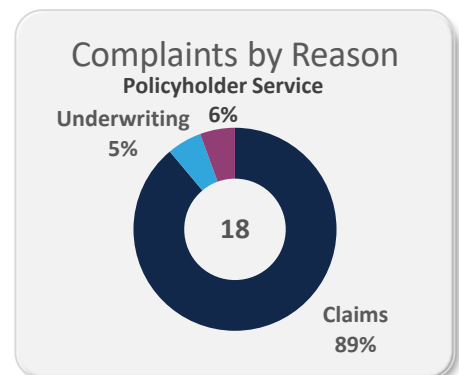
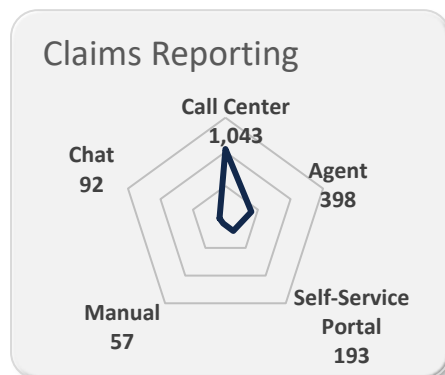
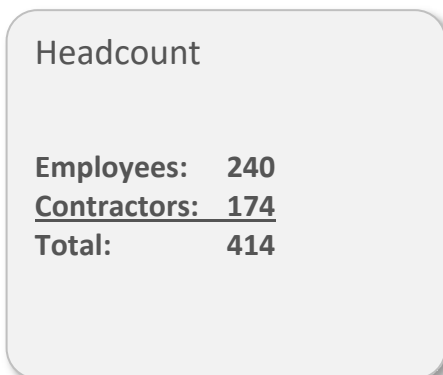
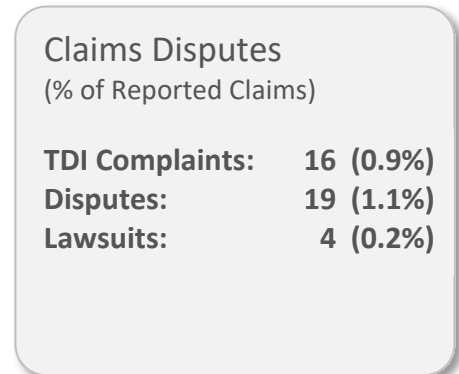
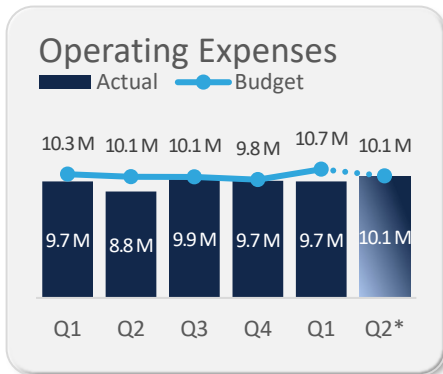
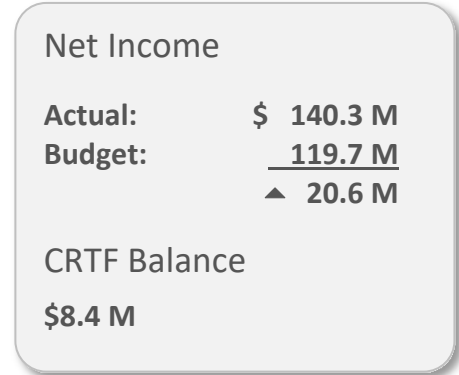
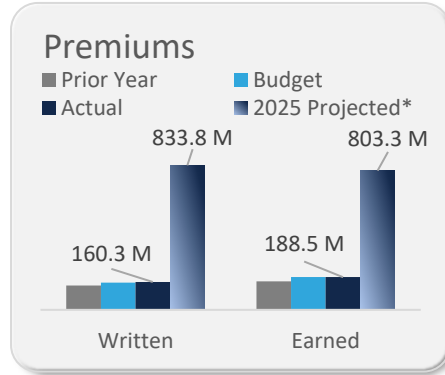
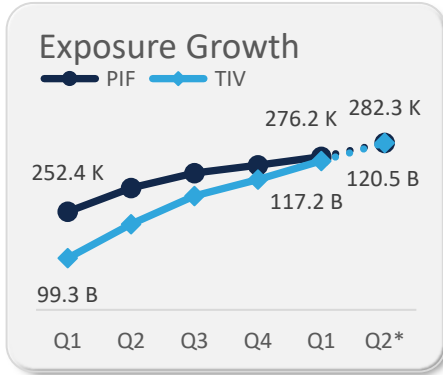
Approved by: Karen Guard
TWIA Secretary/Treasurer

6. TWIA Operational Dashboard



Operational Dashboard

Reporting as of March 31, 2025



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

CY 2024 Gross Premium to Surplus Ratio 1.49: 1



Enterprise Projects

Status Update as of March 31, 2025



Enterprise Projects	Initiative Type	2024				2025				2026			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
● Legislative Implementation Program (LIP88)	Mandatory	█	█	█	█								
<i>LIP88 - HB 998 - TFPA Property Owners Assoc (Condos</i>	<i>Mandatory</i>	█	█	█	█	█							
● Guidewire Cloud Migration (PC9)	Discretionary Planned					█	█	█	█				
● Association Surcharge - Ph 1 Technical (On Hold)	Mandatory	█	█	█	█	█	█						
● Association Surcharge - Ph 2 Business (On Hold)	Mandatory	█	█	█	█	█	█						
● Centralized Information - Ph1 Internal Website	Discretionary Planned					█	█						

7. Financial

7A. Report of the Secretary/Treasurer

7A1. Income Statement

Statutory Income Statement – Treasurer’s Report (In 000s)



	For the three months ended March 31,		
	Actuals - 2025	Actuals - 2024	
1			
2			2
3			3
4			4
5			5
6			6
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50			50

7A2. Management Discussion and Analysis

Texas Windstorm Insurance Association
Management's Discussion and Analysis of Financial Results
For the Three Months Ended March 31, 2025

Written and Earned Premiums

Actual vs Budget	Mar-2025 YTD Actual	Mar-2025 YTD Budget	Variance Inc (Dec)	Variance % Inc (Dec)
Direct Written Premiums	\$ 160.3 M	\$ 156.2 M	\$ 4.1 M	2.6%
Direct Earned Premiums	\$ 188.5 M	\$ 188.5 M	(\$ 0.0 M)	(0.0%)
Policies In-Force	276,220	275,752	468	0.2%

Current Yr vs Prior Yr Actual	Mar-2025 YTD Actual	Mar-2024 YTD Actual	Variance Inc (Dec)	Variance % Inc (Dec)
Direct Written Premiums	\$ 160.3 M	\$ 139.5 M	\$ 20.8 M	14.9%
Direct Earned Premiums	\$ 188.5 M	\$ 164.2 M	\$ 24.3 M	14.8%
Policies In-Force	276,220	252,433	23,787	9.4%

Reinsurance Costs

- The 2024-2025 reinsurance program inceptioned on June 1, 2024. Coverage for the 2024 hurricane season consists of \$2.1 billion of collateralized catastrophe bonds and \$1.950 billion of traditional reinsurance. Gross ceded premiums associated with the \$4.050 billion in coverage totaled \$397.1 million compared to a budgeted estimate of \$298.0 million. The final cost includes the December true-up to actual exposures as of September 30, 2024. The net cost of the reinsurance program after ceding commission was \$386.1 million. Reinsurance premiums ceded are recognized over the hurricane season beginning June 1 and ending on November 30 of each year.

Depopulation Program

- There was no round 8 depopulation program in 2024/2025 as no carriers registered to participate.

Texas Windstorm Insurance Association

Management's Discussion and Analysis of Financial Results

(cont'd)

Loss and Loss Adjustment Expense Incurred

Actual vs Budget	Mar-2025 YTD Actual	Mar-2025 YTD Budget	Variance Inc (Dec)	Variance % Inc (Dec)
Direct Losses Incurred	\$ 2.4 M	\$ 24.8 M	(\$ 22.3 M)	(90.2%)
Direct LAE Incurred	\$ 10.8 M	\$ 7.2 M	\$ 3.6 M	49.7%
Total Direct Losses & LAE	\$ 13.2 M	\$ 32.0 M	(\$ 18.7 M)	(58.6%)
Loss & LAE Ratio	7.0%	17.0%		(9.9%)

Current Yr vs Prior Yr Actual	Mar-2025 YTD Actual	Mar-2024 YTD Actual	Variance Inc (Dec)	Variance % Inc (Dec)
Direct Losses Incurred	\$ 2.4 M	\$ 48.7 M	(\$ 46.3 M)	-95.0%
Direct LAE Incurred	\$ 10.8 M	\$ 10.9 M	(\$ 0.1 M)	(0.9%)
Total Direct Losses & LAE	\$ 13.2 M	\$ 59.6 M	(\$ 46.4 M)	-77.8%
Loss & LAE Ratio	7.0%	36.3%		-29.3%

- The ultimate loss and loss adjustment expense estimate for Hurricane Beryl is \$480 million as of March 31, 2025.
- The ultimate loss and loss adjustment expense estimate for Hurricane Harvey remains at \$1.655 billion as of March 31, 2025.

Operating Expenses

Actual vs Budget	Mar-2025 YTD Actual	Mar-2025 YTD Budget	Variance Inc (Dec)	Variance % Inc (Dec)
Operating Expenses	\$ 9.7 M	\$ 10.7 M	(\$ 1.0 M)	(9.5%)
Operating Expense Ratio	5.1%	5.7%		(0.5%)

Current Yr vs Prior Yr Actual	Mar-2025 YTD Actual	Mar-2024 YTD Actual	Variance Inc (Dec)	Variance % Inc (Dec)
Operating Expenses	\$ 9.7 M	\$ 9.7 M	(\$ 0.0 M)	(0.0%)
Operating Expense Ratio	5.1%	5.9%		(0.8%)

- Net operating expenses shown above and on the statutory income statement exclude claims related expenses which are recorded in losses and loss adjustment expense. Expenses under budget include Personnel Expenses (\$491,000), Professional Services (\$329,000), and Other Operating Expenses (\$106,000).

Texas Windstorm Insurance Association

Management's Discussion and Analysis of Financial Results

(cont'd)

Commission Expense and Premium Taxes

Actual vs Budget	Mar-2025 YTD Actual	Mar-2025 YTD Budget	Variance Inc (Dec)	Variance % Inc (Dec)
Commission Expense	\$ 25.7 M	\$ 25.0 M	\$ 0.7 M	2.6%
Premium Taxes	\$ 2.8 M	\$ 2.9 M	(\$.1 M)	(2.0%)

Current Yr vs Prior Yr Actual	Mar-2025 YTD Actual	Mar-2024 YTD Actual	Variance Inc (Dec)	Variance % Inc (Dec)
Commission Expense	\$ 25.7 M	\$ 22.3 M	\$ 3.4 M	15.1%
Premium Taxes	\$ 2.8 M	\$ 2.4 M	\$ 0.4 M	14.7%

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. Gross investment income was below prior year due to the reduction in cash balances to pay claims for Hurricane Beryl.

Actual vs Budget	Mar-2025 YTD Actual	Mar-2025 YTD Budget	Variance Inc (Dec)	Variance % Inc (Dec)
Gross Investment Income	\$ 3.2 M	\$ 1.7 M	\$ 1.5 M	86.8%

Current Yr vs Prior Yr Actual	Mar-2025 YTD Actual	Mar-2024 YTD Actual	Variance Inc (Dec)	Variance % Inc (Dec)
Gross Investment Income	\$ 3.2 M	\$ 7.9 M	(\$ 4.7 M)	(59.9%)

Net Income (Loss)

Actual vs Budget	Mar-2025 YTD Actual	Mar-2025 YTD Budget	Variance Inc (Dec)	Variance % Inc (Dec)
Net Income (Loss)	\$ 140.3 M	\$ 119.7 M	\$ 20.6 M	17.2%

Current Yr vs Prior Yr Actual	Mar-2025 YTD Actual	Mar-2024 YTD Actual	Variance Inc (Dec)	Variance % Inc (Dec)
Net Income (Loss)	\$ 140.3 M	\$ 78.0 M	\$ 62.3 M	79.8%

Texas Windstorm Insurance Association
Management's Discussion and Analysis of Financial Results
 (cont'd)

Surplus (Deficit)

Current Period vs. Prior Year End Actual	Mar-2025 YTD Actual	Dec-24 YTD Actual	Variance Inc (Dec)	Variance % Inc (Dec)
Surplus (Deficit)	\$ 165.3 M	(\$ 413.5 M)	\$ 578.8 M	140.0%

- The Association's deficit of \$413.5 million at the end of 2024, improved to a surplus of \$165.3 million as of March 31, 2025, due primarily to the year-to-date net income of \$140.3 million and the receipt of CRTF funds in the amount of \$462.7 million.

7B. Financial Statement Review



TEXAS WINDSTORM
INSURANCE ASSOCIATION

QUARTERLY
FINANCIAL
STATEMENTS
AND
SCHEDULES

March 2025

Statutory Income Statement (In 000s)



	For the three months ended March 31,				
	Actuals - 2025	Budget - 2025	Variance - 2025	Actuals - 2024	
1					1
2					2
3					3
4	Premiums Written:				4
5	\$ 160,308	156,244	\$ 4,064	\$ 139,466	5
6	0	0	0	0	6
7	0	0	0	0	7
8	<u>160,308</u>	<u>156,244</u>	<u>4,064</u>	<u>139,466</u>	8
9					9
10	Premiums Earned:				10
11	\$ 188,498	188,512	\$ (14)	\$ 164,151	11
12	0	0	0	0	12
13	0	0	0	0	13
14	<u>188,498</u>	<u>188,512</u>	<u>(14)</u>	<u>164,151</u>	14
15					15
16	Deductions:				16
17	\$ 13,232	\$ 31,974	\$ (18,742)	59,589	17
18	0	0	0	0	18
19	0	0	0	0	19
20	0	0	0	0	20
21	9,680	10,696	(1,016)	9,681	21
22	25,655	24,999	656	22,293	22
23	0	0	0	0	23
24	0	0	0	0	24
25	2,794	2,851	(58)	2,435	25
26	<u>51,361</u>	<u>70,521</u>	<u>(19,159)</u>	<u>93,998</u>	26
27					27
28	<u>137,137</u>	<u>117,991</u>	<u>19,146</u>	<u>70,153</u>	28
29					29
30	Other Income or (Expense):				30
31	\$ 3,157	1,690	\$ 1,467	7,879	31
32	(21)	(26)	4	(10)	32
33	0	0	0	0	33
34	(1)	0	(1)	0	34
35	0	0	0	0	35
36	0	0	0	0	36
37	<u>3,135</u>	<u>1,665</u>	<u>1,470</u>	<u>7,869</u>	37
38					38
39	<u>\$ 140,272</u>	<u>\$ 119,656</u>	<u>\$ 20,616</u>	<u>\$ 78,021</u>	39
40					40

Surplus (Deficit) and Key Operating Ratios (In 000s)



	For the three months ended March 31,				
	Actuals - 2025	Budget - 2025	Variance - 2025	Actuals - 2024	
1					2
2					3
3					4
4	Surplus (Deficit) Account:				5
5	Beginning Surplus (Deficit)	(413,511)	(413,511)	0	45,853
6	Net Income (Loss)	140,272	119,656	20,616	78,021
7	Change in Provision for Reinsurance	0	0	0	0
8	Change in nonadmitted assets	(7,734)	(14,541)	6,807	(12,782)
9	Unassigned Funds - Unrecognized Pension Expense	0	0	0	0
10	Statutory Fund Cost	446,311	456,738	(10,426)	(23,212)
11	Ending Surplus (Deficit)	<u>\$ 165,338</u>	<u>\$ 148,342</u>	<u>\$ 16,996</u>	<u>\$ 87,880</u>
12					12
13	Key Operating Ratios:				13
14	Direct:				14
15	Loss & LAE Ratio:				15
16	Non Hurricane	7.0%	17.0%	(9.9%)	36.3%
17	Hurricane Harvey	0.0%	0.0%	0.0%	0.0%
18	Hurricane Beryl	0.0%	0.0%	0.0%	0.0%
19	Loss & LAE Ratio	<u>7.0%</u>	<u>17.0%</u>	<u>(9.9%)</u>	<u>36.3%</u>
20	UW Expense Ratio:				20
21	Acquisition	17.7%	17.8%	(0.1%)	17.7%
22	Non Acquisition	5.1%	5.7%	(0.5%)	5.9%
23	UW Expense Ratio	<u>22.9%</u>	<u>23.5%</u>	<u>(0.6%)</u>	<u>23.6%</u>
24					24
25	Combined Ratio	<u>29.9%</u>	<u>40.5%</u>	<u>(10.6%)</u>	<u>59.9%</u>
26					26
27	Net:				27
28	Loss & LAE Ratio:				28
29	Non Hurricane	7.0%	17.0%	(9.9%)	36.3%
30	Hurricane Harvey	0.0%	0.0%	0.0%	0.0%
31	Hurricane Beryl	0.0%	0.0%	0.0%	0.0%
32	Loss & LAE Ratio	<u>7.0%</u>	<u>17.0%</u>	<u>(9.9%)</u>	<u>36.3%</u>
33	UW Expense Ratio:				33
34	Acquisition	17.9%	17.8%	0.1%	17.9%
35	Non Acquisition	5.1%	5.7%	(0.5%)	5.9%
36	UW Expense Ratio	<u>23.0%</u>	<u>23.4%</u>	<u>(0.4%)</u>	<u>23.8%</u>
37					37
38	Combined Ratio	<u>30.1%</u>	<u>40.4%</u>	<u>(10.4%)</u>	<u>60.1%</u>
39					39
40	Note: Beginning budgeted deficit adjusted to actual for comparative purposes.				40

Statutory Expense Statement (In 000s)



		For the three months ended March 31,			
Description	Actuals - 2025	Budget - 2025	Variance - 2025	Actuals - 2024	
Personnel Expenses					
Salaries & Wages - Permanent	\$ 3,968	\$ 4,185	\$ (217)	\$ 3,605	
Contractor & Temporary Help	7,925	10,266	(2,341)	871	
Payroll Taxes	303	313	(10)	279	
Employee Benefits	1,070	1,244	(174)	1,089	
Recruiting, Training & Other	68	130	(62)	104	
Subtotal	\$ 13,334	\$ 16,139	\$ (2,804)	\$ 5,948	
Professional & Consulting Services					
Legal	\$ 113	\$ 127	\$ (13)	\$ 107	
Accounting & Auditing	105	79	26	75	
Information Technology	879	1,203	(323)	1,469	
Actuarial Services	69	69	0	69	
Ombudsman Program	0	131	(131)	130	
Surveys & Inspections	35	122	(88)	364	
Disaster Recovery Services	6	7	(0)	4	
Other Services (1)	1,951	1,855	96	1,629	
Subtotal	\$ 3,159	\$ 3,592	\$ (433)	\$ 3,848	
Hardware/Software Purchases & Licensing	1,693	1,750	(56)	1,011	
Rental & Maintenance - Office/Equipment	246	277	(31)	242	
Travel Expenses	33	73	(40)	30	
Postage, Telephone and Express	344	336	8	264	
Capital Management Expenses	0	0	0	0	
Depreciation & Amortization	772	772	0	779	
Other Operating Expenses	407	556	(149)	374	
Total Operating Expenses	\$ 19,989	\$ 23,493	\$ (3,505)	\$ 12,496	
Capitalization of Fixed Assets	0	0	0	0	
Reimbursement of Depop Servicing Expense	0	0	0	(0)	
Allocation To ULAE	(10,287)	(12,787)	2,500	(2,805)	
Allocation To Investing & Other Expense	(21)	(11)	(11)	(10)	
Net Operating Expense - UW Operations	\$ 9,680	\$ 10,696	\$ (1,016)	\$ 9,681	

(1) Summary Details for Other Services:

<u>VENDOR</u>	<u>Amount</u>	<u>Department</u>
Accenture LLP	\$ 620	Expert Panel
Marshall & Swift/Boeckh	276	Underwriting
ISO Services Inc	151	Claims
AON Re Inc	150	Actuary
Nearmap US, Inc	147	Claims
Clear Point Claims LLC	140	Underwriting
Genesys Cloud Services, Inc.-	130	Underwriting
EagleView Technologies Inc	83	Claims
Xactware Solutions Inc	72	Claims
Risk Management Solutions Inc	62	Expert Panel
*Other Outside Services below \$50K	118	Various Departments
Total Other Services	\$ 1,951	

Statutory Balance Sheet (In 000s)



		<u>March-25</u>	<u>December-24</u>	
1				1
2	Admitted Assets			2
3	Cash and short term investments:			3
4	Unrestricted	\$ 650,631	\$ 261,866	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>650,631</u>	<u>261,866</u>	7
8	Premiums receivable & other	54,015	57,786	8
9	Assessment receivable	0	0	9
10	Amounts recoverable from reinsurers	0	0	10
11	Total admitted assets	<u><u>\$ 704,646</u></u>	<u><u>\$ 319,652</u></u>	11
12				12
13	Liabilities, Surplus and other funds			13
14	Liabilities:			14
15	Loss and Loss adjustment expenses	116,074	161,475	15
16	Underwriting expenses payable	16,170	18,521	16
17	Unearned premiums, net of ceded unearned premiums	362,698	390,888	17
18	Ceded reinsurance premiums payable	0	143,271	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	27,949	19,007	24
25	Statutory fund payable	16,416	0	25
26	Total liabilities	<u>539,308</u>	<u>733,163</u>	26
27				27
28	Surplus and other funds			28
29	Unassigned surplus (deficit)	165,338	(413,511)	29
30	Total liabilities, surplus and other funds	<u><u>\$ 704,646</u></u>	<u><u>\$ 319,652</u></u>	30
31				31
32				32
33	Balance in CRTF	<u><u>\$ 8,426</u></u>	<u><u>\$ 466,330</u></u>	33
34				34
35	Balance in CRTF including Statutory fund payable	<u><u>\$ 24,842</u></u>	<u><u>\$ 466,330</u></u>	35
36				36

Statement of Cash Flows (In 000s)



	For the three months ended March 31, 2025			
	Actual - 2025	Budget - 2025	Variance - 2025	
1				1
2				2
3				3
4	Cash flows from operating activities:			4
5	\$ 26,936	\$ 77,191	\$ (50,255)	5
6	(58,634)	(48,579)	(10,055)	6
7	(44,491)	(51,217)	6,727	7
8	0	0	0	8
9	(119)	0	(119)	9
10	(76,308)	(22,606)	(53,702)	10
11	Cash flows from non-operating activities:			11
12	462,728	468,000	(5,272)	12
13	0	0	0	13
14	462,728	468,000	(5,272)	14
15	Cash flows from investing activities:			15
16	0	0	0	16
17	2,345	1,690	655	17
18	2,345	1,690	655	18
19	Cash flows from financing activities:			19
20	0	0	0	20
21	0	0	0	21
22	0	(26)	26	22
23	0	(26)	26	23
24				24
25	388,765	447,059	(58,295)	25
26	261,866	261,866	0	26
27	\$ 650,631	\$ 708,925	\$ (58,295)	27
28				28
29	\$ 38,218			29
30	32			30
31				31
32	Note: Beginning budgeted Cash and Short-term investments adjusted to actual for comparative purposes.			32

Cash and Short-Term Investments (In 000s)



1	2												3
2	Unrestricted Cash and Short Term Investments (\$ in 000s)												2
3	March 31, 2025												3
4	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?	4
5								N/A. Bank Credit Rating	N/A. Tier 1 Capital Ratio	N/A. Regulatory Capital	N/A. Regulatory Capital?	5	
6	Balances as of 03/31/2025:												6
7	Bank of America, Operating	\$ 162	\$ 50,411	\$ 50,573	\$ 54,663	\$ 366	2.7%	8%	Superior	13.5%	\$194	No	7
8	Citibank	193	0	193	0	0	0.0%	0%	Superior	14.0%	\$156	No	8
9	JP Morgan Chase	0	13,711	13,711	53,137	320	2.4%	2%	Superior	16.0%	\$276	No	9
10	Citibank IMMA	0	118	118	118	0	0.9%	0%	N/A	N/A	N/A	N/A	10
11	JP Morgan U.S. Treasury Plus Money Market Fund (1)	0	161,734	161,734	46,337	483	4.2%	25%	N/A	N/A	N/A	N/A	11
12	Chase Goldman Sachs (1)	0	147,845	147,845	42,854	444	4.1%	23%	N/A	N/A	N/A	N/A	12
13	BOA Morgan Stanley (2)	0	50,446	50,446	50,268	519	4.1%	8%	N/A	N/A	N/A	N/A	13
14	BOA Dreyfus Treasury (2)	0	114,680	114,680	50,382	523	4.2%	18%	N/A	N/A	N/A	N/A	14
15	Fidelity Treasury (2)	0	111,330	111,330	48,054	502	4.2%	17%	N/A	N/A	N/A	N/A	15
16													16
17	Total of all financial institutions	\$ 355	\$ 650,275	\$ 650,631	\$ 345,813	\$ 3,157	3.7%	100%					17
18													18
19	Balances as of 12/31/2024:												19
20	Bank of America, Operating	\$ 162	\$ 78,668	\$ 78,830	\$ 43,753	\$ 365	3.3%	30%	Superior	13.4%	\$191	No	20
21	Citibank	194	0	194	0	0	0.0%	0%	Superior	14.1%	\$156	No	21
22	JP Morgan Chase	0	23,369	23,369	66,536	460	2.8%	9%	Superior	16.2%	\$277	No	22
23	Citibank IMMA	0	118	118	137	0	0.8%	0%	N/A	N/A	N/A	N/A	23
24	JP Morgan U.S. Treasury Plus Money Market Fund (1)	0	11,578	11,578	13,049	152	4.6%	4%	N/A	N/A	N/A	N/A	24
25	Chase Goldman Sachs (1)	0	12,708	12,708	17,309	201	4.7%	5%	N/A	N/A	N/A	N/A	25
26	BOA Morgan Stanley (2)	0	49,919	49,919	49,727	569	4.6%	19%	N/A	N/A	N/A	N/A	26
27	BOA Dreyfus Treasury (2)	0	34,250	34,250	48,897	563	4.6%	13%	N/A	N/A	N/A	N/A	27
28	Fidelity Treasury (2)	0	50,900	50,900	62,069	726	4.7%	19%	N/A	N/A	N/A	N/A	28
29													29
30	Total of all financial institutions	\$ 356	\$ 261,510	\$ 261,866	\$ 301,476	\$ 3,036	4.0%	100%					30
31													31
32	(1) The Fund invests in U.S. treasury bills, notes, bonds and other obligations issued or guaranteed by the U.S. Treasury.												32
33	(2) The Fund invests in U.S. Treasury bills, notes, trust receipts and direct obligations of the U.S. Treasury.												33
34	Bank credit rating, Tier 1 Capital Ratios, and Regulatory Capital were reviewed with the latest financial information available as of December 31, 2024. Rates, ratios and regulatory capital are comparable and consistent with year end National Association (N.A.) results.												34

Historical Data (In 000s)



1971 - 2025											
(\$ with 000s omitted)											
YEAR	GROSS					NET				CRTF BALANCE END OF PERIOD	
	LIABILITY IN FORCE END OF PERIOD	POLICY COUNT	RATE CHANGES		WRITTEN PREMIUMS	LOSS & LAE INCURRED	EARNED PREMIUMS	LOSS & LAE INCURRED	UNDERWRITING EXPENSES INCURRED		UNDERWRITING GAIN (LOSS)
			RESIDENTIAL	COMMERCIAL							
1971-1987	\$ 35,367,740	\$ 788,610			\$ 164,538	\$ 187,465	\$ 113,518	\$ 187,465	\$ 35,926	\$ (109,874)	
1988	4,266,615	56,773	-5.4%	-15.0%	19,061	2,509	3,551	2,509	4,066	(3,024)	
1989	4,236,600	55,401	-	-	18,066	14,176	5,330	14,176	4,037	(12,883)	
1990	4,248,611	56,155	3.1%	-2.1%	18,244	1,590	16,761	1,590	4,171	11,000	
1991	4,346,209	54,145	25.0%	-2.0%	20,504	1,783	7,167	1,783	4,343	1,042	
1992	5,155,790	55,471	-20% (I)/-75% (B)	-22.9%	11,495	1,321	4,014	1,321	4,220	(1,527)	
1993	6,500,165	56,921	30.0%	-	19,377	4,778	123,515	4,778	5,161	113,576	
1994	7,645,176	63,348	-	-	26,545	1,572	25,692	1,572	6,982	17,138	124,847
1995	8,828,140	69,807	25.0%	-	32,419	4,033	29,016	4,033	8,119	16,864	151,284
1996	10,001,843	72,977	-	-	40,359	1,484	37,153	1,484	10,627	25,042	179,020
1997	10,907,937	75,361	-	-	42,463	4,133	41,045	4,133	11,038	25,874	216,896
1998	11,633,935	77,261	0.2%	-3.0%	44,411	27,235	28,256	27,235	12,181	(11,160)	238,221
1999	11,972,502	75,947	-9.4%	-	44,581	11,320	28,702	11,320	11,524	5,858	250,403
2000	12,052,604	73,815	8.7%	9.0%	48,012	7,937	28,470	7,937	11,681	8,852	268,563
2001	13,249,407	77,022	18.5%	4.0%	54,631	8,011	31,112	8,011	12,936	10,165	280,063
2002	16,003,048	85,668	-	5.0%	72,968	32,359	44,516	32,359	16,584	(4,427)	303,185
2003	18,824,457	96,420	-	10.0%	87,987	24,955	51,702	24,955	19,682	7,065	305,599
2004	20,796,656	103,503	9.6%	10.0%	102,384	6,115	52,230	6,115	21,911	24,204	308,729
2005	23,263,934	109,693	-	10.0%	113,928	178,370	65,438	178,370	25,277	(138,209)	311,508
2006	38,313,022	143,999	3.1%	13.4%	196,833	5,188	85,467	5,188	37,138	43,141	361,823
2007	58,641,546	216,008	4.2%	3.7%	315,139	17,985	135,843	17,985	51,768	66,090	388,542
2008	58,585,060	215,537	8.2%	5.4%	331,049	2,587,123	(138,560)	1,117,123	53,759	(1,309,442)	-
2009	61,700,891	230,545	12.3%	15.6%	382,342	(486,314)	389,600	(183,974)	87,899	485,675	-
2010	67,452,357	242,664	-	-	385,550	555,025	351,730	252,685	85,598	13,447	76,334
2011	71,083,333	255,945	5.0%	5.0%	403,748	202,539	321,781	202,539	81,665	37,577	146,650
2012	74,186,949	266,726	5.0%	5.0%	443,480	401,873	321,122	401,873	93,583	(174,334)	178,902
2013	76,921,369	270,814	5.0%	5.0%	472,739	30,975	295,130	30,975	100,524	163,631	186,184
2014	78,763,302	275,626	5.0%	5.0%	494,036	(13,994)	367,555	(13,994)	109,189	272,360	216,813
2015	78,551,742	272,219	5.0%	5.0%	503,824	178,886	377,594	178,886	114,973	83,736	487,170
2016	73,393,573	254,346	5.0%	5.0%	487,354	38,669	370,404	38,625	109,756	222,023	587,860
2017	65,023,810	231,567	-	-	423,074	1,476,861	347,354	1,475,302	97,878	(1,225,826)	1,220
2018	58,041,760	202,208	5.0%	5.0%	395,552	175,718	301,515	175,998	96,399	29,118	5,986
2019	55,189,815	189,203	-	-	372,017	113,513	287,477	113,398	92,415	81,664	122,496
2020	55,009,638	184,890	-	-	369,600	118,669	261,574	118,470	90,594	52,510	179,174
2021	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
2024	113,745,440	272,567	0.0%	0.0%	758,845	634,413	311,911	634,413	161,578	(484,080)	466,330
2025	117,187,159	276,220	0.0%	0.0%	160,308	13,232	188,498	13,232	38,129	137,137	8,426
TOTAL *					9,443,920	6,733,112	6,272,318	5,261,538	2,089,049	(1,078,269)	

*2025 data through 3/31/2025

7C. Investment Plan Review



MEMORANDUM

DATE: March 25, 2025
TO: David Durden, General Manager
FROM: Stuart Harbour, Chief Financial Officer
RE: TWIA Investment Plan Review

Annually, the TWIA board of directors reviews the adequacy and implementation of the association's investment plan as reflected in the Statement of Investment Objectives and Guidelines. This document does not apply to investments in the CRTF or the assets previously held by the Texas Treasury Safekeeping Trust Company representing the proceeds and debt service payments of the Series 2014 Bonds.

The primary objectives of the Investment Plan are asset preservation and liquidity, along with compliance with the Texas Insurance Code and Plan of Operation of the Association.

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

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



MEMORANDUM

Below please find the most recent evaluation of our financial institutions based on certain of the criteria listed above.

Evaluation of Counterparty Relationships as of 12/31/2024						
	Moody's	S&P				
Financial Institution	N.A. Bank Credit Rating		N.A. Bank Credit Rating (as of 12/31/24)	N.A. Tier 1 Capital Ratio (as of 12/31/24)	N.A. Regulatory Capital (as of 12/31/24)	Holding Company Level Market Capitalization (\$ in Billions as of 12/31/24)
JPMorgan Chase, N.A.	P-1	A-1	Superior	16.0%	\$276	\$675
Bank of America, N.A.	P-1	A-1	Superior	13.5%	\$194	\$337
Citibank, N.A.	P-1	A-1	Superior	14.0%	\$156	\$133

Currently we are not recommending any changes to the investment plan. Due to the elevated interest rates over the past 24 months, the Association shifted available investments into US Treasury Money Market Mutual funds to maximize interest income. This strategy continues as we approach the 2025 hurricane season to benefit from relatively high interest yields and maintain liquidity in the event of a catastrophic event.

We will be seeking a resolution at the May 6, 2025, board meeting regarding the board review of the adequacy of the current investment plan, copy attached, and board review of the implementation of the plan. Suggested wording of such resolution is as follows:

The Board of Directors of the Texas Windstorm Insurance Association acknowledges its review of the adequacy and implementation of the Statement of Investment Objectives and Guidelines of the Association and accepts staff's recommendation to make no changes to the investment plan at this time.

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

Thank you,

Stuart

TEXAS WINDSTORM INSURANCE ASSOCIATION

STATEMENT OF INVESTMENT OBJECTIVES AND GUIDELINES

I. Overview

The purpose of this statement is to provide clear objectives and guidelines for the investing and management of assets with Texas Windstorm Insurance Association ("TWIA").

TWIA was created by the Texas Legislature in 1971. TWIA's controlling statute is currently codified as Chapter 2210 of the Texas Insurance Code. The purpose of TWIA is to provide a method whereby adequate windstorm and hail insurance may be obtained in certain areas designated by the Commissioner of Insurance located in the gulf coast region of the State of Texas.

II. Investment Objectives

The investment objectives enable TWIA to manage funds with the primary focus of asset preservation and liquidity, as well as securing maximum total return through the application of the investment policy set forth below. This policy must comply with all restrictions on investments in accordance with the Texas Insurance Code, the Plan of Operation of the Association and any other applicable requirements. While maximizing yield is important, the Association will consider the safety of the principal and liquidity the foremost objective.

III. Permissible Asset Types

TWIA's Plan of Operation, which is a Texas Department of Insurance rule, requires all funds collected by the Association that are not otherwise required to be expended as provided in the Plan of Operation, to be retained in a checking account or accounts in any bank or banks doing business in the State of Texas and/or invested in items pursuant to Texas Insurance Code, chapter 2210. (See Appendix A).

1. Checking, savings accounts, and Money Market Demand Accounts in Financial Institutions that meet the counterparty requirements outlined below in section IV of this document.
2. US Treasury Notes not to exceed 12 months, unless otherwise approved by the board of directors.
3. Money Market Fund Accounts with a maximum duration of 1 year or less, unless otherwise approved by the board of directors. Account must invest exclusively in US bonds backed by the full faith and credit of the US government.
4. Other investments proposed by the board of directors and approved by the Commissioner.

IV. Diversification and Evaluation of counterparty relationships:

The Association should evaluate bank financial performance, bank ranking and credit ratings from Moody or Standard & Poor's to assess the investment risk. All financial institutions ratings must meet 'AAA', 'AA', or 'A' ratings defined as "strong or superior" in credit ratings.

The Association must also evaluate the bank's capital strength through Tier 1 Capital Ratios. The Association's criterion is that the Tier 1 Capital Ratio must be above 10% for the Association to invest with such institution.

The Association should evaluate the total capital of all banks on a quarterly basis. National Association (N.A.) Regulatory Capital must be in excess of \$25B.

Total investment in any one financial institution should not exceed .2% of the of the National Association's regulatory capital. Total investments in any one financial institution should not exceed 40% of TWIA's total portfolio.

The Association should perform the above evaluation on a quarterly and/or annual basis as information is available. To the extent certain information is not available quarterly at the N.A. level; the Association should review the Tier 1 Capital Ratio and Market Capitalization at the bank holding company level.

V. Monitoring, Evaluation and Compliance

TWIA's management will review the investment policy on an annual basis and make recommendations, if necessary, to the board of directors at that time. It is the responsibility of TWIA management to report to the board of directors all cash and investment balances, interest rates and diversification ratios on a quarterly basis.

Appendix to TWIA's Statement of Investment Objectives and Guidelines

I. Definitions related to the guidelines

- a. Tier 1 Capital Ratio also known as Capital Adequacy is the amount of capital a bank or other financial institution has to hold as required by its financial regulator. These requirements are put into place to ensure that institutions do not take on excess leverage and become insolvent.

A firm must have a Tier 1 capital ratio of 6% or greater, and not pay any dividends or distributions that would affect its capital, to be classified as well capitalized according to the Federal Deposit Insurance Corporation (FDIC).

Formula = (Total Equity – Revaluation Reserves) / Risk Based Assets

- b. Market Capitalization is the total value of the issued shares of a publicly traded company; it is equal to the share price times the shares outstanding. This allows investment community to determine a company's size, as opposed to sales or total asset figures.

Formula = stock price X total number of shares outstanding.

II. Permissible Assets as defined by the Plan of Operation:

All funds collected by the Association which are not otherwise required to be expended as provided in the Plan of Operation, may be retained in a checking account or accounts in any bank or banks doing business in the State of Texas and / or may be invested only in the following:

- a. Interest bearing time deposits or certificates of deposit in any bank or banks doing business in the State of Texas and/or:
- b. In treasury notes of the government of the United States of America; and/or
- c. Money market funds which invest exclusively in the bonds or to the evidence of indebtedness of the United States of America or any of its agencies when such obligations are guaranteed as to principal and interest by the United States of America; except however:
 - i. such money market funds may make loans to or purchases of the described bonds and other evidence of indebtedness from a solvent bank or securities broker, registered under the Securities Act of 1934, under an agreement (commonly called a "repurchase agreement") which provides for the purchase by the money market fund of the type of securities described and which agreement matures in 90 days or less and provides for the repurchase by such entity of the same or similar securities purchased by the money market fund, provided that the total market value of such securities shall equal or exceed the amount of such loan or repurchase when it is made; and
 - ii. such loan collateral or securities purchased from any one bank or securities broker may not exceed the greater of 5.0% of the assets of the money market

fund or 5.0% of the amount of capital, surplus, or individual profits of such bank or securities broker; and/or

- d. In such other investments as may be proposed by the board of directors and approved by the Commissioner. The board of directors shall determine what portion of such funds shall be retained in a checking account or accounts and what portion of such reserve shall be invested in the investments listed in this subparagraph, as well as which specific investments, if any, shall be made.

7D. 2025 Hurricane Season Line of Credit



MEMORANDUM

DATE: April 18, 2025
TO: David Durden, General Manager
FROM: Stuart Harbour, Chief Financial Officer
RE: Texas Windstorm 2025 Line of Credit

As we approach the 2025 Hurricane Season, it is time to reinstate the TWIA line of credit to provide short-term liquidity for claim payments after a catastrophic storm event.

Staff is proposing to obtain a credit line of \$500 million with \$400 million provided by JP Morgan Chase and the remaining \$100 million from Bank of America. The purpose for maintaining the line of credit is to ensure cash is readily available to pay claims pending collection of debt proceeds and/or a member assessment below the reinsurance attachment, if needed. The line of credit would serve as a liquidity bridge to our permanent funding.

This year I have worked with our Chase bankers to include what is called an “accordion” clause for an additional \$200 million of liquidity given the almost full depletion of the CRTF to pay losses associated with hurricane Beryl. Drawing on the additional \$200 million would still require credit approval at the time of request, however this structure would reduce the time needed to obtain the funds versus starting with a new credit agreement. There is no incremental fee associated with establishing the accordion structure.

The proposed pricing for the 2025 line of credit includes a commitment fee of 42.5 basis points per annum on the unused portion of the revolving credit line and an upfront fee of 10 basis points or \$500,000. The \$500 million credit line amount and the proposed pricing are consistent with the terms obtained for the 2024 line of credit. It is anticipated that this line of credit, if unused, would be terminated on December 29, 2025, which is the earliest cancellation date allowable under the contract terms.



MEMORANDUM

I have attached additional exhibits for this item as follows:

1. A copy of the Indicative Term sheet for the proposed renewed line of credit
2. Line of credit proposed resolutions for adoption by the TWIA Board of Directors. We need to request action on this at the board meeting.

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

Thank you,

Stuart

J.P.Morgan



Texas Windstorm Insurance Association

JPMorgan's Financing Proposal for the 2025 Windstorm Credit Facility | April 2025

Disclaimer

This proposal is intended only as an outline of certain indicative terms of the facility described herein (the “Facility”) and does not purport to be an exhaustive or all-inclusive summary of the conditions, covenants, representations, warranties and other provisions that would be contained in definitive documentation for the Facility. The final documentation may include terms and conditions required by JPMorgan Chase Bank, N.A. (together with its affiliates, “JPMorgan”) not included in this proposal. This proposal is non-binding, is not a commitment and is subject to final credit approval.

Texas Windstorm Insurance Association (“TWIA”) acknowledges and agrees that: (i) JPMorgan does not have an advisory or fiduciary relationship with TWIA and nothing in this proposal or our services in connection therewith or otherwise will be deemed to create an advisory or fiduciary relationship (irrespective of whether JPMorgan or any of its affiliates has provided other services or is currently providing other services to TWIA on other matters); (ii) JPMorgan has no obligations to TWIA with respect to the transaction contemplated hereby unless and except to the extent expressly stated in this proposal; and (iii) TWIA has consulted with and is relying on its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate in order to determine whether this proposal is in TWIA’s best interests.

This proposal from JPMorgan for the Facility is entirely independent from any proposal or other agreement from any other affiliate of JPMorgan to provide other services.

Transmittal Letter

April 16, 2025

Stuart Harbour, Chief Financial Officer
Texas Windstorm Insurance Association
sharbour@twia.org

David Durden, General Manager
Texas Windstorm Insurance Association
ddurden@twia.org

Al Fulkerson, Controller
Texas Windstorm Insurance Association
afulkerson@twia.org

Elizabeth Gonzalez, Treasury Analyst
Texas Windstorm Insurance Association
egonzalez@twia.org

Dear Mr. Harbour, Mr. Fulkerson, Mr. Durden, and Ms. Gonzalez:

On behalf of JPMorgan Chase Bank, N.A. (“JPMorgan” or the “Bank”), thank you for the opportunity to partner with Texas Windstorm Insurance Association (“TWIA”) again on this transaction. Attached is a summary of terms and conditions for a \$500,000,000 Line of Credit (the “Facility”) to provide short term liquidity during the upcoming hurricane season. The terms of the Facility will be substantially similar to the Credit Agreement between the Bank and TWIA, dated as of June 1, 2024.

Please note this proposal is subject to normal due diligence, credit approval, satisfactory documentation and agreement on terms and conditions, and is not a commitment at this time. Indicative pricing is as of April 17, 2025. Nothing expressed or implied herein constitutes any commitment of JPMorgan, or any of its affiliates, to lend or provide any other financial services in connection with the transaction; such obligations would arise only under separate written agreement(s) mutually acceptable to the TWIA and JPMorgan. We would reasonably expect final credit approval within ten (10) business days of receiving all necessary information from the TWIA.

Thank you and we look forward to working with TWIA again on this exciting opportunity.

Yours sincerely,



Allyson Goetschius, Executive Director
allyson.l.goetschius@jpmorgan.com
(212) 270-0335



Janice Fong, Vice President
janice.r.fong@jpmorgan.com
(212) 270-3762

Texas Windstorm Insurance Association's dedicated team at JPMorgan

Banking Coverage

Tim Self

Managing Director

timothy.a.self@jpmorgan.com

(212) 270-4946

Allyson Goetschius

Executive Director

allyson.l.goetschius@jpmorgan.com

(212) 270-0335

Janice Fong

Vice President

janice.r.fong@jpmorgan.com

(212) 270-3762

Mark Weinberg

Executive Director

mark.h.weinberg@jpmorgan.com

(407) 236-7484

Tyrus Brailey

Managing Director

tyrus.r.brailey@jpmorgan.com

(713) 216-0402

Beth Dotson

Executive Director

beth.dotson@jpmorgan.com

(241) 965-3359

Credit Risk Management

Barbara Marks

Managing Director

marks_b@jpmorgan.com

(212) 270-3835

Anna Maria Beissel

Executive Director

annamaria.beissel@jpmorgan.com

(212) 270-2072

Anjana Pillai

Vice President

anjana.pillai@jpmorgan.com

(469) 462-1626

Olga Held

Vice President

olga.held@jpmorgan.com

(212) 270-3172

Alexander Klos

Analyst

alexander.klos@jpmorgan.com

Summary of Terms and Conditions

Borrower:	Texas Windstorm Insurance Association ("TWIA" or the "Borrower").			
Lead Arranger:	JPMorgan Chase Bank, N.A. ("JPMorgan" or the "Bank").			
Administrative Agent:	JPMorgan Chase Bank, N.A.			
Facility:	Line of Credit Agreement			Facility Size
	Total Senior Credit Facility			Up to \$500.0 million
	JPMorgan Chase Bank, N.A. Line of Credit ("L/C" Commitment)			Up to \$400.0 million
	Bank of America, N.A. ("BANA") Line of Credit ("L/C" Commitment)			Up to \$100.0 million
Accordion Option:	Up to \$200.0 million, subject to lender consent. Amounts committed under the accordion will be allocated on a pro rata basis to all participating banks.			
Purpose:	To finance the short-term liquidity needs of the Borrower to pay insurance claims in the event of a natural disaster from a windstorm or hailstorm.			
Collateral:	First perfected security interest in proceeds of public securities and other financing arrangements and all member insurer assessments now or hereafter assessed, collected and/or otherwise received by the Borrower and second lien perfected security interest in net premiums.			
Tenor:	Facility will have a final maturity date of May 29, 2026.			
Amortization:	N/A			
Pricing Grid:	Level	Tenor of Fundings ⁽¹⁾	Commitment Fee (bps)	Drawn Spread (Adjusted Term SOFR + bps)
	I	< 150 days	42.5	200.0
	II	≥ 150 days	42.5	325.0
Conditions Precedent to Closing / Advances:	<ul style="list-style-type: none"> Receipt and satisfactory review of the 2024 TWIA audit; Completion and delivery of satisfactory legal documentation including satisfactory opinions of counsel; Evidence that (i) the Plan of Operation is in place upon the closing date as well as that (ii) TWIA shall begin necessary steps to draft documents funding a post-event bond transaction; For each advance, the Bank shall receive documentation demonstrating that the amount of claims being made under policies issued by the Borrower exceeds the aggregate amount of TWIA's available liquid funds including without limitation, all amounts available under any and all deposit accounts, savings accounts and securities or other investments now or hereafter maintained by TWIA; and Advances shall not exceed the amount by which the aggregate amount of claims exceeds the aggregate amount of liquid assets. 			
Mandatory Prepayment:	<ul style="list-style-type: none"> After the occurrence of a natural windstorm or hailstorm, Class I Public Securities must be issued to prepay any fundings on the L/C; In the event and on each occasion that TWIA receives any proceeds of any Public Securities or Member Assessments at any time, TWIA shall immediately prepay the L/C in an aggregate amount equal to the lesser of (i) 100% of such Public Securities proceeds or Member Assessments or (ii) the aggregate amount of the loans then outstanding; and After the occurrence of a natural windstorm or hailstorm disaster, and in the event Public Securities are not issued, TWIA will levy assessments on its member insurers, subject to applicable legal requirements, in an amount sufficient to cover and repay in full the aggregate amount of loans (including, without limitation, accrued interest on such loans) to be advanced to TWIA in accordance with the other provisions of the agreement. 			
Termination / Reduction Option:	May be exercised by TWIA on either of the following dates: December 29, 2025 and March 27, 2026 at no penalty.			
Covenants:	The covenants will remain consistent with the Credit Agreement between the Bank and TWIA, dated June 1, 2024.			
Upfront Fee:	10.0 bps on Total Senior Credit Facility commitments at closing and any additional amounts committed through the accordion on the date of extension, allocated on a pro rata basis to all participating banks.			
Lender Counsel:	Troutman Pepper Locke LLP. Legal fees are estimated at \$40,000 and capped at \$50,000.			

(1) Defined as the length of time after a funding on the L/C occurs to repayment either by public securities or member assessments.

**RESOLUTIONS OF THE BOARD OF DIRECTORS
OF
TEXAS WINDSTORM INSURANCE ASSOCIATION**

May 6, 2025

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

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

RESOLVED, FURTHER, that in connection with the Credit Agreement, the Association may execute and deliver to the Lenders one or more promissory notes in the original aggregate principal amount of up to \$500,000,000, which may be increased up to \$700,000,000 with the Lenders’ written consent (collectively, the “Notes”);

RESOLVED, FURTHER, to secure repayment of the Association’s payment and performance obligations under the Credit Agreement and the Notes, the Association may execute and deliver to the Administrative Agent, a Financing and Pledge Agreement (the “Pledge Agreement”) and a Blocked Account Control Agreement (together with the Credit Agreement, the Notes, and the Pledge Agreement, the “Credit Documents”);

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

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

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

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

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

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

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

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

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

Executed and effective as of the date first written above.

Authorized Officer of the Association:

By: _____
(Signature)

Its: _____ |
(Printed Name and Title)

7E. Financial Audit by
Calhoun, Thomson + Matza
7E1. Audit Wrap-Up Reports

7E2. Statutory Report

7E3. GASB

7E4. Internal Control Letter

8. Actuarial

8A. Policy Counts/Exposures

Texas Windstorm Insurance Association
Statistical Report
As of March 31, 2025



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>	
	3/31/24	3/31/25	Actual	Percentage	3/31/24	3/31/25	Actual	Percentage	3/31/24	3/31/25	Actual	Percentage
Aransas	7,873	8,738	865	11.00%	3,452,455,400	4,126,102,700	\$673,647,300	19.50%	5,646,124	5,860,609	\$214,485	3.80%
Brazoria	46,496	53,624	7,128	15.30%	17,830,421,500	22,565,542,100	\$4,735,120,600	26.60%	24,252,481	30,323,299	\$6,070,818	25.00%
Calhoun	4,499	4,690	191	4.20%	1,474,318,200	1,685,577,500	\$211,259,300	14.30%	2,058,879	2,343,991	\$285,112	13.80%
Cameron	11,361	11,548	187	1.60%	4,717,264,900	5,084,510,100	\$367,245,200	7.80%	6,179,746	6,819,580	\$639,834	10.40%
Chambers	6,949	8,198	1,249	18.00%	2,989,354,600	3,838,862,200	\$849,507,600	28.40%	3,803,249	4,752,517	\$949,268	25.00%
Galveston	79,107	84,394	5,287	6.70%	34,005,160,100	39,329,181,700	\$5,324,021,600	15.70%	48,664,499	54,985,740	\$6,321,241	13.00%
Harris	4,350	4,528	178	4.10%	1,794,758,600	1,985,172,300	\$190,413,700	10.60%	1,669,048	1,779,995	\$110,947	6.60%
Jefferson	30,832	33,895	3,063	9.90%	9,813,002,800	11,630,795,400	\$1,817,792,600	18.50%	13,364,127	15,988,048	\$2,623,921	19.60%
Kenedy	33	37	4	12.10%	6,853,300	10,014,900	\$3,161,600	46.10%	6,308	11,191	\$4,883	77.40%
Kleberg	1,001	1,087	86	8.60%	322,174,600	381,710,000	\$59,535,400	18.50%	453,029	566,336	\$113,307	25.00%
Matagorda	5,376	5,748	372	6.90%	1,750,785,500	2,035,779,200	\$284,993,700	16.30%	2,659,097	3,059,942	\$400,845	15.10%
Nueces	45,356	49,486	4,130	9.10%	17,920,896,000	20,692,122,000	\$2,771,226,000	15.50%	26,257,069	28,559,078	\$2,302,009	8.80%
Refugio	427	488	61	14.30%	133,044,900	162,448,600	\$29,403,700	22.10%	186,891	258,915	\$72,024	38.50%
San Patricio	8,388	9,353	965	11.50%	2,913,681,400	3,505,529,400	\$591,848,000	20.30%	4,143,747	4,859,672	\$715,925	17.30%
Willacy	385	406	21	5.50%	132,040,000	153,811,300	\$21,771,300	16.50%	138,650	139,355	\$705	0.50%
Total	252,433	276,220	23,787	9.40%	99,256,211,800	117,187,159,400	\$17,930,947,600	18.10%	139,482,944	160,308,268	\$20,825,324	14.90%

Texas Windstorm Insurance Association
Quarterly Liability Report
As of March 31, 2025



Class of Business	Policies Written		Risks Written		Premium Written		Liability at End of Quarter		In-Force at End of Quarter	
	During Qtr	YTD	During Qtr	YTD	During Qtr	YTD	Direct	Indirect	Policies	Risks
Aransas										
Commercial	79	79	138	138	1,007,941	1,007,941	540,704,400	15,277,625	435	1,011
Manufactured Home	54	54	54	54	105,440	105,440	16,792,500	0	226	226
Residential	1,603	1,603	1,603	1,603	4,747,228	4,747,228	3,568,605,800	322,204,180	8,077	8,077
Total	1,736	1,736	1,795	1,795	5,860,609	5,860,609	4,126,102,700	337,481,805	8,738	9,314
Brazoria										
Commercial	183	183	341	341	2,558,332	2,558,332	827,534,200	25,934,125	848	1,524
Manufactured Home	105	105	105	105	234,949	234,949	33,576,500	0	436	436
Residential	11,573	11,573	11,573	11,573	27,530,018	27,530,018	21,704,431,400	3,049,023,400	52,340	52,340
SUM:	11,861	11,861	12,019	12,019	30,323,299	30,323,299	22,565,542,100	3,074,957,525	53,624	54,300
Calhoun										
Commercial	46	46	94	94	301,263	301,263	186,274,000	4,863,510	210	467
Manufactured Home	16	16	16	16	32,656	32,656	5,768,600	0	79	79
Residential	864	864	864	864	2,010,072	2,010,072	1,493,534,900	135,295,800	4,401	4,401
SUM:	926	926	974	974	2,343,991	2,343,991	1,685,577,500	140,159,310	4,690	4,947
Cameron										
Commercial	177	177	397	397	3,119,408	3,119,408	2,014,686,400	22,216,585	838	2,265
Manufactured Home	16	16	16	16	33,424	33,424	5,706,900	0	99	99
Residential	1,976	1,976	1,976	1,976	3,666,748	3,666,748	3,064,116,800	284,298,540	10,611	10,611
SUM:	2,169	2,169	2,389	2,389	6,819,580	6,819,580	5,084,510,100	306,515,125	11,548	12,975

Texas Windstorm Insurance Association
 Quarterly Liability Report
 As of March 31, 2025



Class of Business	Policies Written		Risks Written		Premium Written		Liability at End of Quarter		In-Force at End of Quarter	
	During Qtr	YTD	During Qtr	YTD	During Qtr	YTD	Direct	Indirect	Policies	Risks
Chambers										
Commercial	26	26	48	48	375,973	375,973	120,562,700	2,789,085	132	212
Manufactured Home	36	36	36	36	65,172	65,172	9,551,400	0	129	129
Residential	1,687	1,687	1,687	1,687	4,311,372	4,311,372	3,708,748,100	532,923,340	7,937	7,937
SUM:	1,749	1,749	1,771	1,771	4,752,517	4,752,517	3,838,862,200	535,712,425	8,198	8,278
Galveston										
Commercial	422	422	921	921	8,373,462	8,373,462	3,626,087,500	85,685,560	2,169	4,342
Manufactured Home	62	62	62	62	115,980	115,980	19,965,900	0	285	285
Residential	17,816	17,816	17,816	17,816	46,496,298	46,496,298	35,683,128,300	4,389,658,820	81,940	81,940
SUM:	18,300	18,300	18,799	18,799	54,985,740	54,985,740	39,329,181,700	4,475,344,380	84,394	86,567
Harris										
Commercial	17	17	28	28	168,824	168,824	192,363,000	4,721,000	88	243
Manufactured Home	1	1	1	1	2,227	2,227	510,000	0	8	8
Residential	906	906	906	906	1,608,944	1,608,944	1,792,299,300	248,944,940	4,432	4,432
SUM:	924	924	935	935	1,779,995	1,779,995	1,985,172,300	253,665,940	4,528	4,683
Jefferson										
Commercial	153	153	248	248	1,389,016	1,389,016	969,888,000	25,112,314	873	1,629
Manufactured Home	31	31	31	31	57,136	57,136	8,722,800	0	118	118
Residential	6,582	6,582	6,582	6,582	14,541,896	14,541,896	10,652,184,600	1,439,768,940	32,904	32,904
SUM:	6,766	6,766	6,861	6,861	15,988,048	15,988,048	11,630,795,400	1,464,881,254	33,895	34,651

Texas Windstorm Insurance Association
Quarterly Liability Report
As of March 31, 2025



Class of Business	Policies Written		Risks Written		Premium Written		Liability at End of Quarter		In-Force at End of Quarter	
	During Qtr	YTD	During Qtr	YTD	During Qtr	YTD	Direct	Indirect	Policies	Risks
Kenedy										
Commercial	2	2	2	2	3,579	3,579	901,500	0	3	3
Manufactured Home	0	0	0	0	0	0	0	0	0	0
Residential	6	6	6	6	7,612	7,612	9,113,400	104,200	34	34
SUM:	8	8	8	8	11,191	11,191	10,014,900	104,200	37	37
Kleberg										
Commercial	15	15	19	19	102,321	102,321	64,416,900	910,020	55	83
Manufactured Home	0	0	0	0	0	0	364,500	0	4	4
Residential	250	250	250	250	464,015	464,015	316,928,600	34,926,060	1,028	1,028
SUM:	265	265	269	269	566,336	566,336	381,710,000	35,836,080	1,087	1,115
Matagorda										
Commercial	35	35	109	109	510,717	510,717	164,877,000	6,092,850	183	380
Manufactured Home	12	12	12	12	25,901	25,901	5,165,300	0	60	60
Residential	1,157	1,157	1,157	1,157	2,523,324	2,523,324	1,865,736,900	203,633,040	5,505	5,505
SUM:	1,204	1,204	1,278	1,278	3,059,942	3,059,942	2,035,779,200	209,725,890	5,748	5,945
Nueces										
Commercial	498	498	1,030	1,030	6,398,273	6,398,273	3,723,488,300	87,775,720	2,312	5,133
Manufactured Home	13	13	13	13	25,776	25,776	5,329,900	0	76	76
Residential	10,225	10,225	10,225	10,225	22,135,029	22,135,029	16,963,303,800	1,958,885,680	47,098	47,098
SUM:	10,736	10,736	11,268	11,268	28,559,078	28,559,078	20,692,122,000	2,046,661,400	49,486	52,307

Texas Windstorm Insurance Association
 Quarterly Liability Report
 As of March 31, 2025



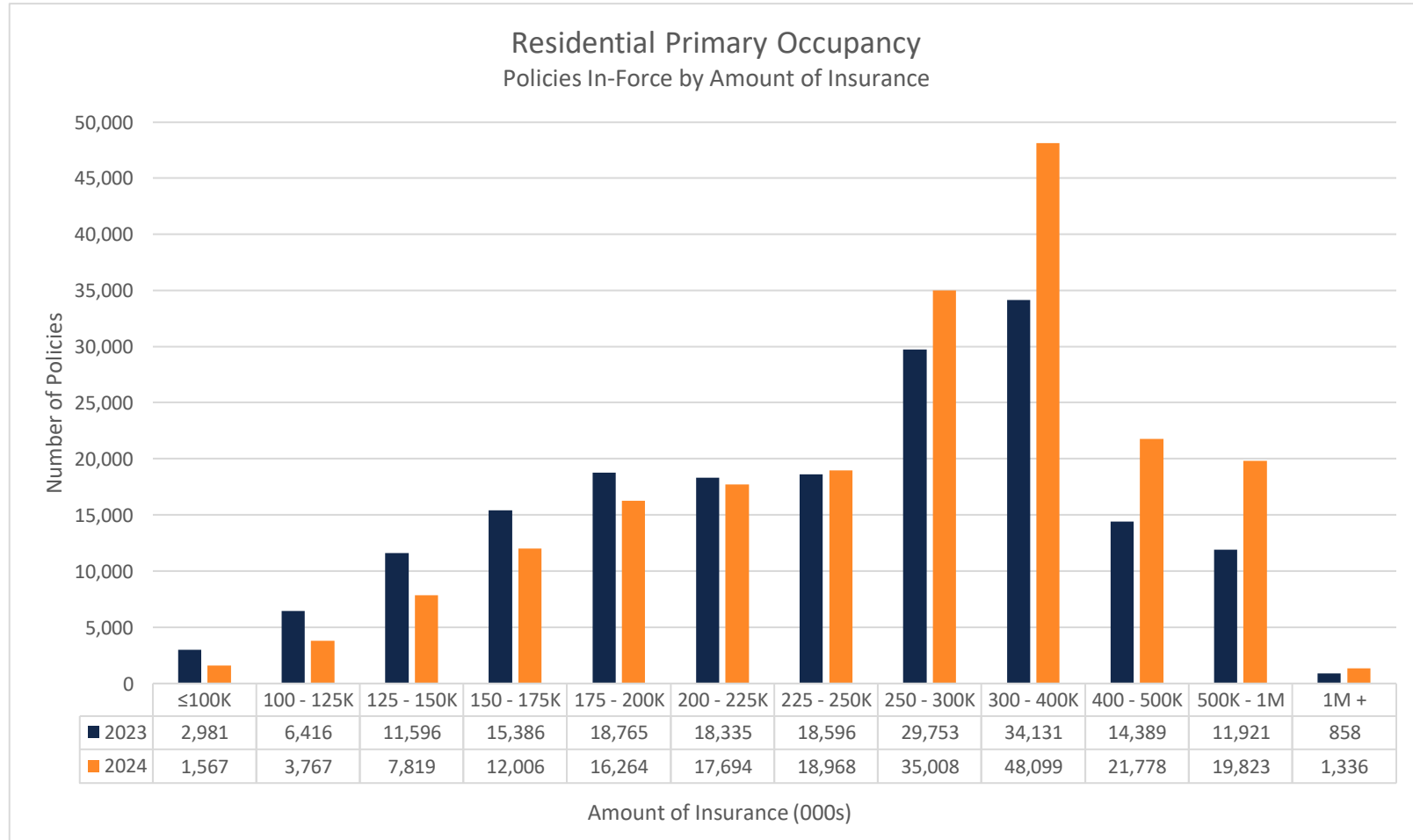
Class of Business	Policies Written		Risks Written		Premium Written		Liability at End of Quarter		In-Force at End of Quarter	
	During Qtr	YTD	During Qtr	YTD	During Qtr	YTD	Direct	Indirect	Policies	Risks
Refugio										
Commercial	2	2	6	6	28,336	28,336	23,475,000	247,800	32	59
Manufactured Home	2	2	2	2	3,773	3,773	2,768,000	0	34	34
Residential	105	105	105	105	226,806	226,806	136,205,600	14,397,900	422	422
SUM:	109	109	113	113	258,915	258,915	162,448,600	14,645,700	488	515
San Patricio										
Commercial	55	55	101	101	613,623	613,623	233,052,200	5,338,410	299	611
Manufactured Home	17	17	17	17	38,801	38,801	6,263,200	0	77	77
Residential	1,870	1,870	1,870	1,870	4,207,248	4,207,248	3,266,214,000	417,540,460	8,977	8,977
SUM:	1,942	1,942	1,988	1,988	4,859,672	4,859,672	3,505,529,400	422,878,870	9,353	9,665
Willacy										
Commercial	4	4	5	5	9,022	9,022	26,856,000	99,900	30	69
Manufactured Home	1	1	1	1	1,048	1,048	732,100	0	10	10
Residential	59	59	59	59	129,285	129,285	126,223,200	8,710,400	366	366
SUM:	64	64	65	65	139,355	139,355	153,811,300	8,810,300	406	445
Total All Counties										
Commercial	1,714	1,714	3,487	3,487	24,960,090	24,960,090	12,715,167,100	287,064,504	8,507	18,031
Manufactured Home	366	366	366	366	742,283	742,283	121,217,600	0	1,641	1,641
Residential	56,679	56,679	56,679	56,679	134,605,895	134,605,895	104,350,774,700	13,040,315,700	266,072	266,072
SUM:	58,759	58,759	60,532	60,532	160,308,268	160,308,268	117,187,159,400	13,327,380,204	276,220	285,744

Texas Windstorm Insurance Association
Analysis of Growth

Distribution of Structure Limits

Residential Primary Occupancy

Policies In-Force as of 12/31/2023 vs 12/31/2024



Texas Windstorm Insurance Association
Analysis of Growth

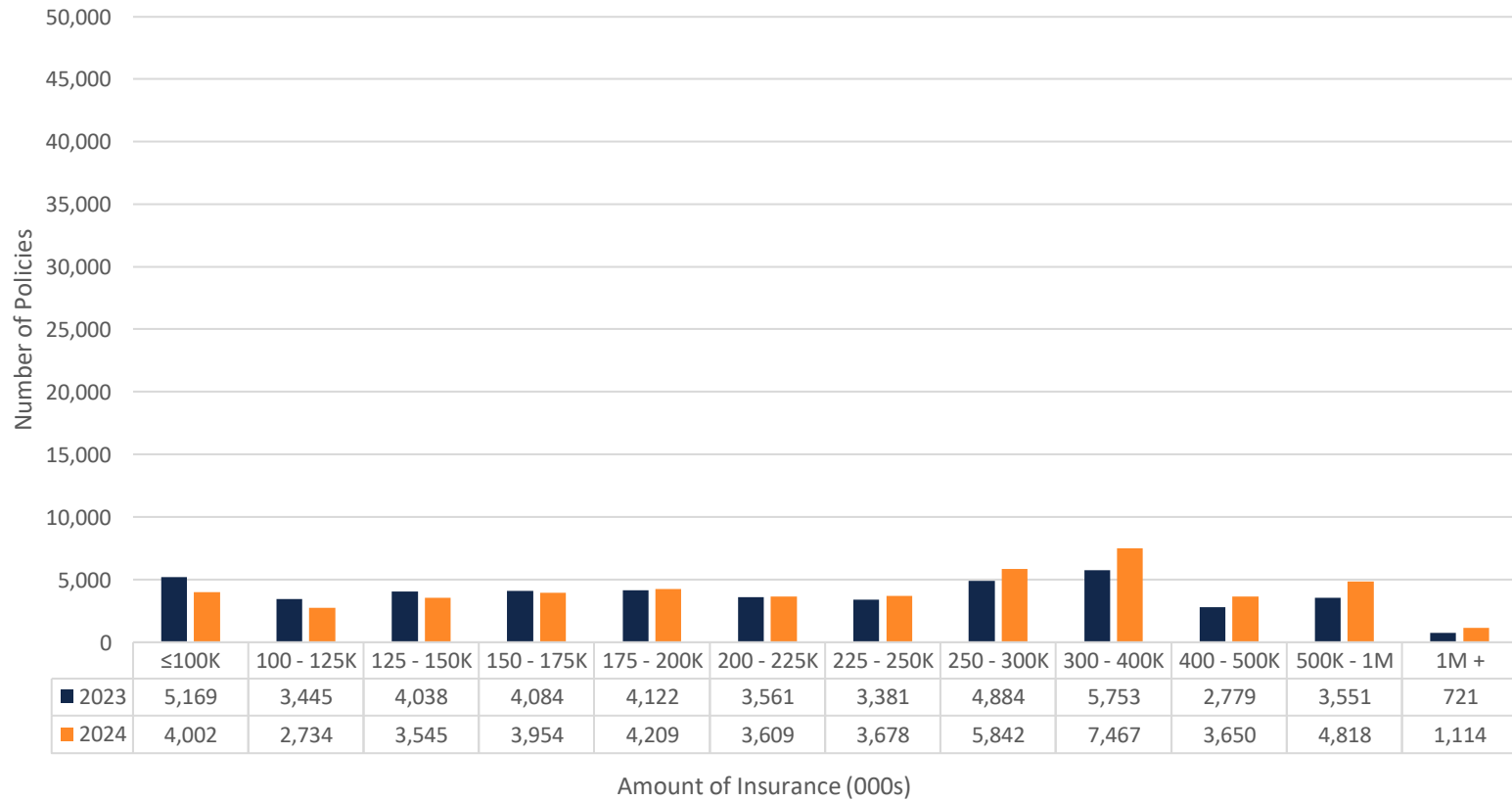
Distribution of Structure Limits

Residential Secondary Occupancy

Policies In-Force as of 12/31/2023 vs 12/31/2024



Residential Secondary Occupancy
Policies In-Force by Amount of Insurance



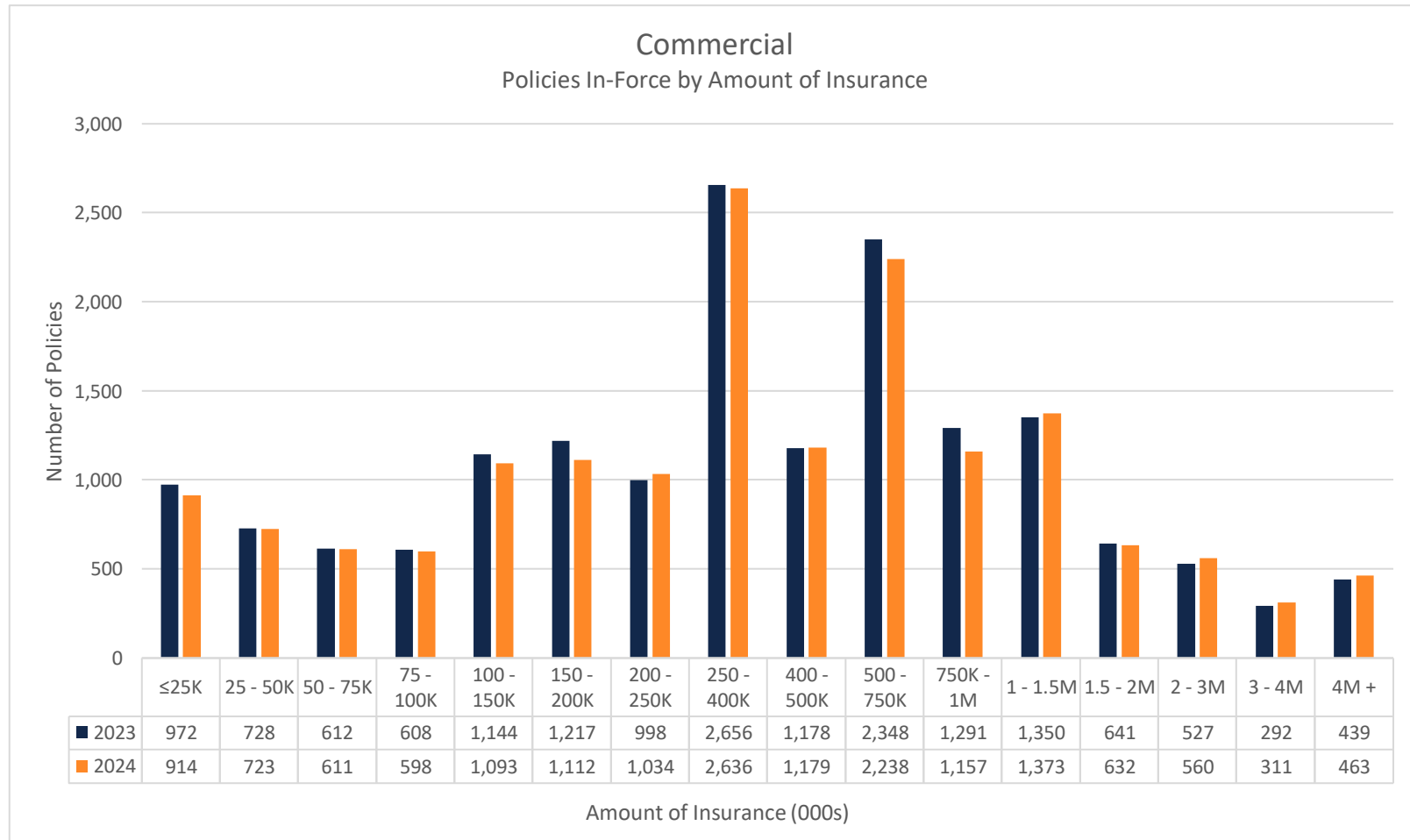
Texas Windstorm Insurance Association

Analysis of Growth

Distribution of Structure Limits

Commercial

Policies In-Force as of 12/31/2023 vs 12/31/2024



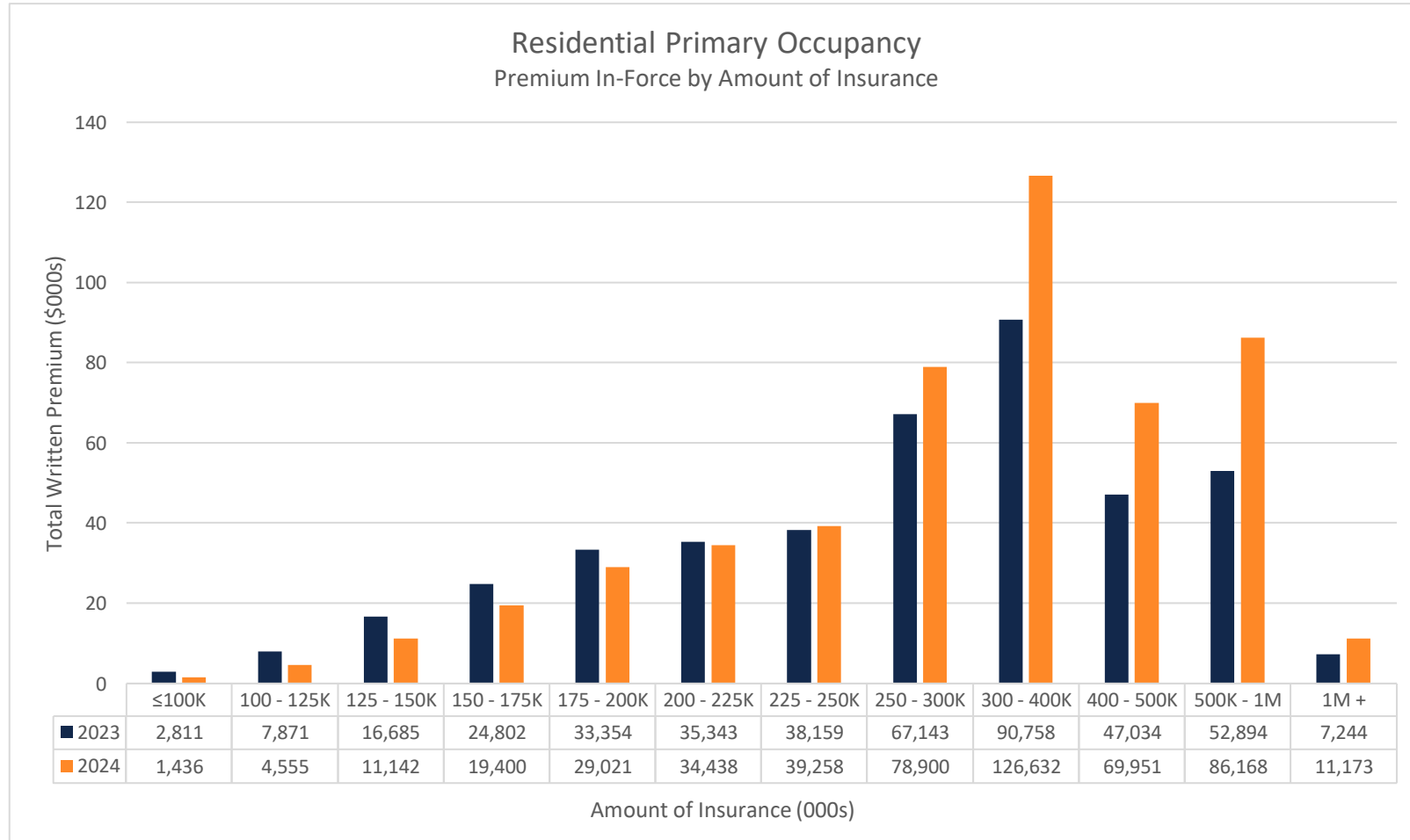
Texas Windstorm Insurance Association

Analysis of Growth

Distribution of Structure Limits

Residential Primary Occupancy

Premium In-Force as of 12/31/2023 vs 12/31/2024



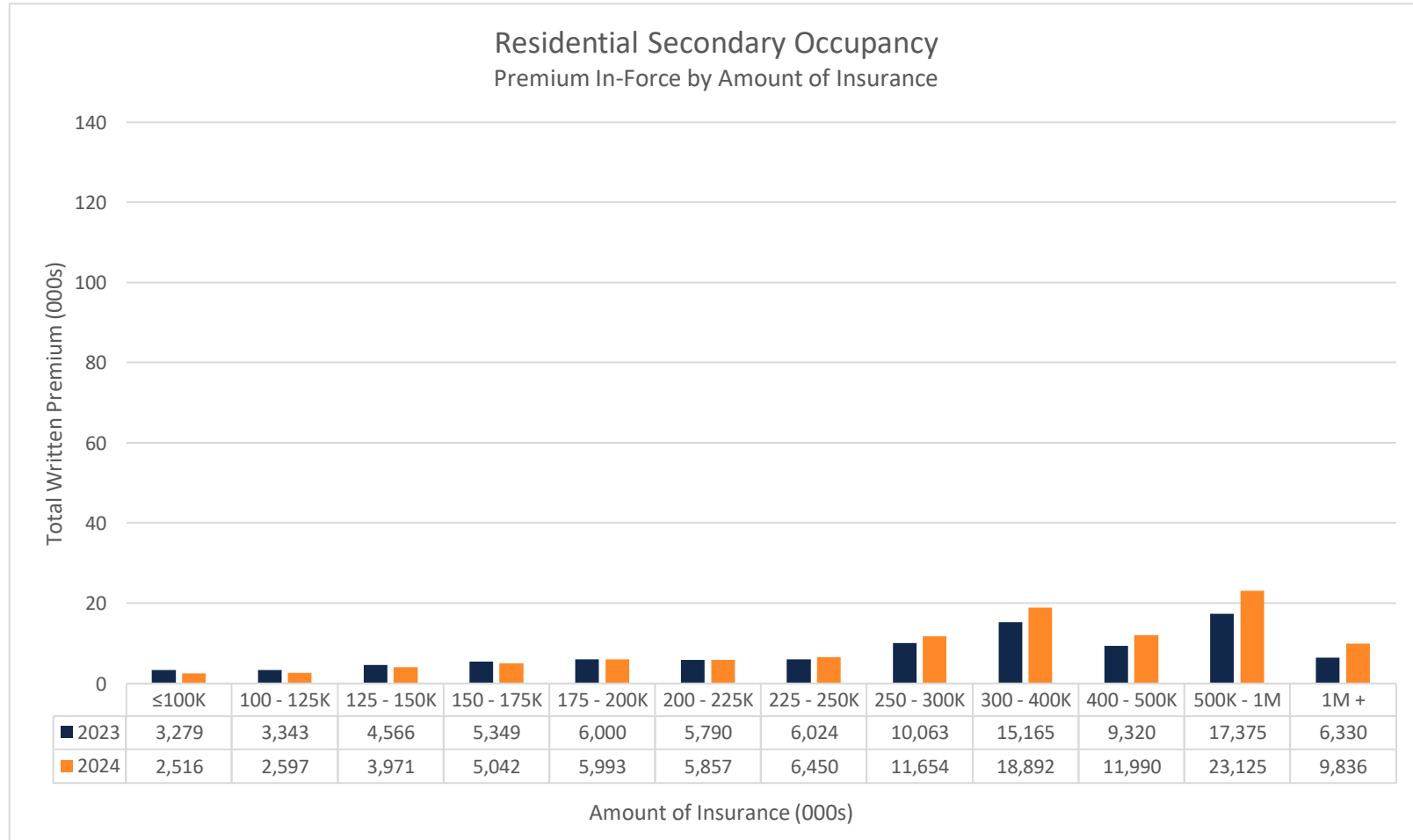
Texas Windstorm Insurance Association

Analysis of Growth

Distribution of Structure Limits

Residential Secondary Occupancy

Premium In-Force as of 12/31/2023 vs 12/31/2024



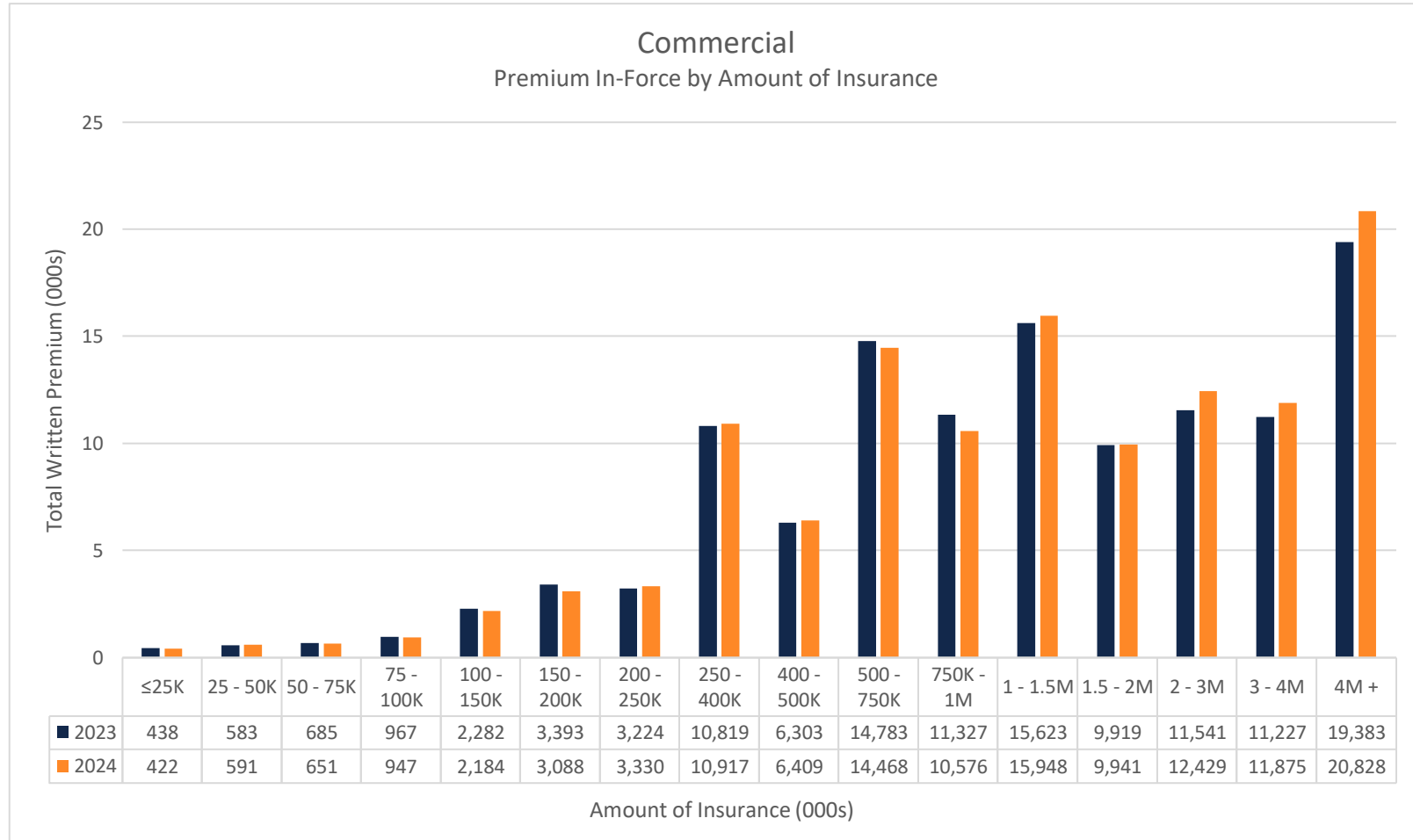
Texas Windstorm Insurance Association

Analysis of Growth

Distribution of Structure Limits

Commercial

Premium In-Force as of 12/31/2023 vs 12/31/2024



8B. Reserve Adequacy



MEMORANDUM

DATE: April 18, 2025

TO: David Durden
General Manager

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

RE: TWIA Reserve Adequacy as of March 31, 2025

The TWIA actuarial staff has completed a review of Texas Windstorm Insurance Association loss and loss adjustment expense reserves as of March 31, 2025.

As of March 31, 2025, TWIA carried \$116.3 million in total gross loss and loss adjustment expense reserves. The total gross loss and loss adjustment expense reserves include the reserves for Hurricane Harvey, Hurricane Beryl, and all other outstanding claims.

The estimate of ultimate gross loss & expense associated with Hurricane Beryl remains \$480 million. TWIA actuarial staff will continue to monitor the development of claims associated with this event and update the ultimate estimate as necessary going forward. The selected ultimate gross loss & expense estimate for Hurricane Harvey remains at \$1.655 billion.

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

8C. 2025 Funding; Reinsurance



TEXAS WINDSTORM
INSURANCE ASSOCIATION

MEMORANDUM

DATE: April 18, 2025

TO: David Durden
General Manager

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

RE: 2025 Reinsurance Program

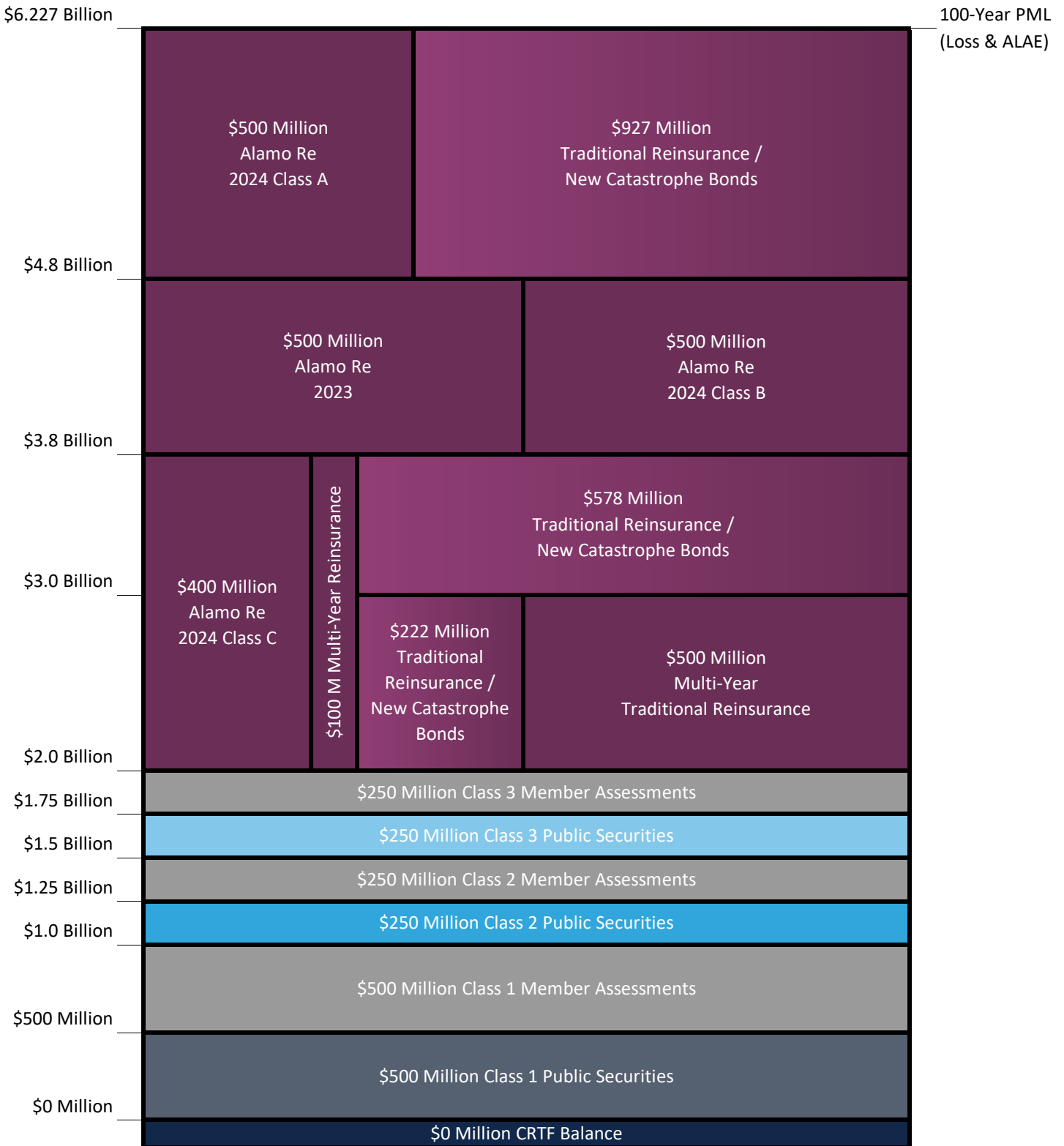
The TWIA Board of Directors established at its February 25, 2025 meeting the 100-year probable maximum loss (PML) for the 2025 hurricane season at \$6.227 billion. In order to satisfy the minimum funding level required by statute, the Association is in the process of securing \$4.227 billion total reinsurance coverage, comprising \$1.9 billion in existing catastrophe bonds originally issued in 2023 and 2024, \$600 million in multi-year traditional reinsurance originally placed in 2024, and \$1.727 billion in new traditional reinsurance and catastrophe bonds as shown in the attached exhibit.

We are in the process of placing the \$1.727 billion of new coverage now, which is expected to be provided by a combination of the traditional reinsurance market and catastrophe bonds. We are on track to have the complete reinsurance program placed in advance of the June 1 effective date.

Gallagher Re will be in attendance at the Board meeting to discuss the current state of the program placement and answer any questions from the Board.

JM

Texas Windstorm Insurance Association
Preliminary 2025 Funding
 \$6.227 Billion in Total Funding
 Reinsurance Effective 6/1/25 - 5/31/26



9. Internal Audit Status & Update

MEMORANDUM

TO: The Board of Directors - Texas Windstorm Insurance Association
FROM: Dan Graves, Weaver - Internal Audit
DATE: May 6, 2025
SUBJECT: Status of Internal Audit Activities

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

➤ **Current Activities:**

Activity Description	Status
Follow-Up Quarterly Discussion	Complete
Claims Processing	In progress, fieldwork
HR Administration & Talent Retention	In progress, fieldwork

➤ **Upcoming Audits and Activities:**

Activity Description	Timing
Executive Management	Q2 2025
Information Security	Q2 2025
IT Services	Q2 2025

➤ **Summary of Open Findings:**

Cash Management 2021

- Review and evaluation of System Organization Controls Reports
- Development and approval of a documented Wire Transfer Policy

Underwriting and Policy Services 2023

- Tracking and monitoring issues and resolutions from agent compliance audits

AP & Expense Policy Services 2023

- User access reviews within the Accounts Payable module of Great Plains

Accounts Receivable 2023

- Timely write-off of uncollectable AR

Depopulation 2023

- User access review of Depopulation Portal

Legal and Compliance 2024

- Documenting the review and updates of Association policy manuals

Financial Close and Reporting 2024

- Documenting the review and approval of Chart of Accounts modifications

Texas Windstorm Insurance Association

Internal Audit Plan – Lookback (2023-2024) and Prospective (2025-2027)

Process Area	Last Report Date	2024 Inherent Risk Rating	2023	2024	2025	2026	2027
Funding Sources and Reinsurance	Nov. 2023	High	✓			x	
Information Security	Apr. 2022	High			x		
Emergency Planning	May 2024	High		✓			
Customer Experience	N/A	High		✓			x
Underwriting and Policy Services	Nov. 2023	High	✓			x	
Claims Processing	Dec. 2022	High			I		
Actuarial (Pricing and Reserving)	Sept. 2023	High	✓				x
Legislative and External Affairs	Mar. 2024	High		✓			
Information Technology Services	Apr. 2022	High			x		
Database and Application Administration	Apr. 2024	High		✓		x	
Application Development	Apr. 2024	High		✓		x	
Human Resources Administration and Talent Retention	Dec. 2022	Moderate			I		
Strategic Communications	Mar. 2021	Moderate		✓			
Executive Management, Management Planning and Reporting	May 2021	Moderate			x		
Legal & Compliance	Mar. 2024	Moderate		✓			
Financial Close and Reporting	May 2024	Moderate		✓			
Accounts Payable and Expense Processing	Aug. 2023	Moderate	✓				x
Cash Management	Aug. 2021	Moderate		✓	L	L	L
Payroll	Dec. 2022	Low					x
Accounts Receivable	Oct. 2023	Low	✓				
Facilities and Services	May 2023	Low	✓				
Depopulation	Oct. 2023	Low	✓				
Premium Taxes	Jul. 2021	Low					

L - Limited Annual Procedures

I - In Process

10. Underwriting Operational Review Update



MEMORANDUM

DATE: April 14, 2025
TO: David Durden, General Manager
FROM: Michael Ledwik, Vice President, Underwriting
RE: Update on Underwriting Operational Results

First Quarter 2025 Results

TWIA Underwriting Metrics	Monthly Summary				Quarterly Summary				YTD		
	Jan-25	Feb-25	Mar-25		Q1 2025				2025	2025 Goal	▲
Transaction Issuance	99.98%	99.95%	99.98%	99.97%				99.97%	90%	9.97	
Internal Underwriting QA	98.95%	99.24%	99.13%	99.11%				99.11%	95%	4.11	
Phone Service Level	88.01%	91.94%	87.62%	89.19%				89.19%	80%	9.19	
Internal Telephone QA	97.40%	96.20%	96.70%	96.77%				96.77%	95%	1.77	

I. Overview:

- 99.97% of transactions were issued within 10 days of receiving the application and payment
 - a. 98% of the transactions were straight through processed by the system
 - b. 2% of the transactions were referred by the system to Underwriting for additional information, review, and approval prior to issuance
- Out of 89,827 calls for the quarter, 89.19% of the calls were answered under 20 seconds

II. Agency Compliance Audits:

A standard sample of agencies (10) were selected in the first quarter of 2025 to verify compliance with the Texas Windstorm Insurance Association (TWIA) declination of coverage and flood insurance requirements.

- 9 out of 10 agencies (90%) were compliant with declination provisions.
- All 10 agencies were compliant with flood provisions.
- All 10 agencies selected have active property and casualty insurance licenses.

11. Claims

11A. Claims Operations

TWIA Claims Operations 2025

TWIA Claims - 2025 Q1 Results (year-to-date)					
Key Cycle Times (In days)	Industry Average, TX	TWIA	TWIA Plan	Variance to Plan	% Variance to Plan
Avg. Days - FNOL to TWIA Receipt - Daily	9.5	5.2	<7	-1.8	-26%
Avg. Days - FNOL to TWIA Receipt - Cat	9.5	4.9	<14	-9.1	-65%
Avg. Days - FNOL to ACV Payment - Daily	N/A	8.6	<12	-3.4	-28%
Avg. Days - FNOL to ACV Payment - CAT	N/A	8.9	<21	-12.1	-58%
TDI Complaint Ratio					
2024	0.14% - 61 complaints from 43,012 new claims				
2025	0.90% - 16 complaints from 1,783 new claims				

Year	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25
Actual Volume	832	684	1,734	1,612	2,060	1,456	27,571	3,766	1,432	807	522	585	620	481	682
Actuarial Projected	809	569	574	2,092	2,112	591	596	872	880	880	431	435	1,395	334	1,484
Staffing Plan	703	703	703	703	703	703	703	703	703	703	703	703	578	578	578
Open Inventory	3,799	3,940	5,131	5,889	7,259	7,645	7,645	33,335	31,854	27,202	25,379	23,857	22,921	22,107	20,545

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
2024	43,012
2025	1,783

TWIA - Claim Severity by Accident Year and LOB						
Reported Claims by LOB						
Year	Residential		Commercial		GRAND TOTAL	
	Claims	% Δ	Claims	% Δ	Claims	% Δ
2021	12,269	-	286	-	12,555	-
2022	4,413	-64.0%	60	-79.0%	4,473	-64.4%
2023	9,385	112.7%	173	188.3%	9,558	113.7%
2024	42,163	349.3%	939	442.8%	43,102	351.0%
2025	618	-	25	-	643	-

Paid Amounts by LOB						
Year	Residential		Commercial		GRAND TOTAL	
	Incurred	% Δ	Incurred	% Δ	Incurred	% Δ
2021	\$ 58,122,131	-	\$ 8,162,442	-	\$ 66,284,573	-
2022	\$ 27,419,234	-52.8%	\$ 1,447,225	-82.3%	\$ 28,866,459	-56.5%
2023	\$ 70,250,010	156.2%	\$ 6,038,143	317.2%	\$ 76,288,153	164.3%
2024	\$ 403,147,429	473.9%	\$ 37,227,919	516.5%	\$ 440,375,347	477.3%
2025	\$ 1,660,200	-	\$ 57,356	-	\$ 1,717,556	-

Paid Claim Severity by LOB						
Year	Residential		Commercial		GRAND TOTAL	
	Severity	% Δ	Severity	% Δ	Severity	% Δ
2021	\$ 4,737	-	\$ 28,540	-	\$ 5,280	-
2022	\$ 6,213	31.2%	\$ 24,120	-15.5%	\$ 6,453	22.2%
2023	\$ 7,485	20.5%	\$ 34,903	44.7%	\$ 7,982	23.7%
2024	\$ 9,562	27.7%	\$ 39,646	13.6%	\$ 10,217	28.0%
2025	\$ 2,686	-	\$ 2,294	-	\$ 2,671	-

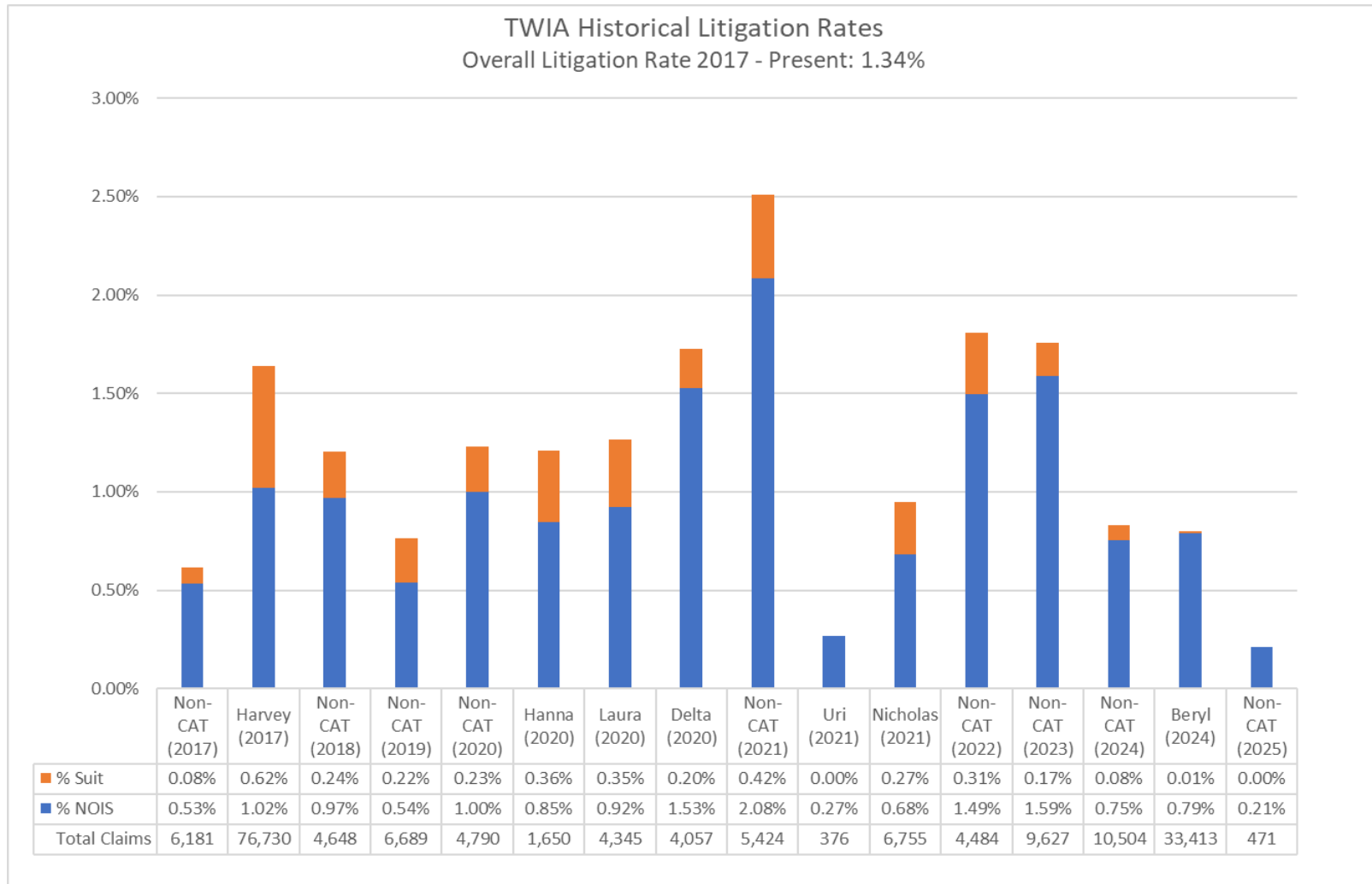
*Paid amounts exclude loss adjustment expenses and IBNR reserves

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

TWIA Beryl	As of 2/2/25	As of 4/4/25	Change	% Change
Claims	32,158	32,520	362	1.1%
Open	17,798	15,397	-2,401	-13.5%
Closed	14,360	17,123	2,763	19.2%
% Closed	44.7%	52.7%	8.0%	8.0%
Paid Indemnity	\$319,852,095	\$336,346,179	\$16,494,084	5.2%
Paid Expense	\$39,165,640	\$43,119,775	\$3,954,135	10.1%
TFPA Beryl	As of 2/2/25	As of 4/4/25	Change	% Change
Claims	10,170	10,297	127	1.2%
Open	1,964	1,612	-352	-17.9%
Closed	8,206	8,685	479	5.8%
% Closed	80.7%	84.30%	3.6%	3.6%
Paid Indemnity	\$81,447,826	\$83,520,309	\$2,072,483	2.5%
Paid Expense	\$9,284,838	\$9,548,300	\$263,462	2.8%

11B. Claims Litigation

TWIA Litigation Summary



***NOIS: Notice of Intent to Sue**



TWIA Litigation Tracking Activity

Litigation Quarter Summary First Quarter 2025

1st Quarter 2025	Summary of TWIA Claims in Suit			
		New	Settled	Closed
	January	1	0	3
	February	7	0	2
	March	4	0	3
	12	0	8	

1st Quarter 2025	Summary of TWIA Claims with LORs			
		New	Settled	Closed
	January	78	0	10
	February	70	2	25
	March	60	10	49
	208	12	84	



TWIA Claims Litigation March 2025

Mar-25	TWIA Claims in Suit			
	Beginning Inventory	New	Closed	Ending Inventory
	78	4	3	79
Breakdown				
	Beryl 2024	3	0	
	Nicholas 2021	0	2	
	Normal	1	1	

Mar-25	TWIA Claims with LORs				
	Beginning Inventory	New	Closed	Converted to Suit	Ending Inventory
	842	60	49	4	849
Breakdown					
	Normal	14	33	1	
	Beryl 2024	46	11	3	
	Nicholas 2021	0	3	0	

Mar-25	TWIA Active Claims with Suits/LORs: Breakdown by Storm					
	Event	Total claims	Total Suits	Active Suits	Total LORs	Active LORs
	Harvey 082517	76,730	483	9	1,102	0
	Nicholas 2021	6,755	21	13	114	5
	Laura 2020	4,345	17	1	180	1
	Delta 2020	4,057	11	3	152	0
	Beryl 2024	33,476	4	4	605	561

Mar-25	TWIA Active Claims with Suits/LORs: Breakdown by County												
		Brazoria	Calhoun	Cameron	Chambers	Galveston	Harris	Jefferson	Kleberg	Matagorda	Nueces	Willacy	Grand Total
	3	270	2	81	6	374	32	52	1	33	16	1	871



TWIA Claims with Suits/LORs: Detail of Ending Inventory					
Active Unsettled Claims					
Mar-25	Suits		LORS		Total
	Residential	Commercial	Residential	Commercial	
		44	19	762	46

TWIA Claims with Suits/LORs: Detail of Ending Inventory					
Settled & Funded (closing documents and final invoices pending)					
Mar-25	Suits		LORS		Total
	Residential	Commercial	Residential	Commercial	
		15	1	41	0

12. TWIA Operations

12A. IT Operations Update



MEMORANDUM

DATE: April 15, 2025

TO: David Durden, General Manager

FROM: Michael Eleftheriades, Interim CIO / VP IT

RE: TWIA Information Technology Status

The following are key Projects that the Information Technology group is involved in:

Cloud Migration Update

- The project has completed the formal testing phases for the core Insurance Suite Components (Billing Center, Policy Center, and Claims Center), Digital Engagement Portals (agents and policyholders) and the Enterprise Data Warehouse.
- Practice Dry Runs have been completed, the second and final Rehearsal is currently in play.
- Go-live date still planned and on target for Q2 2025 (weekend of April 25).

On premise and Remote User Workstations

- The upgrade from Microsoft Windows 10 (which is being deprecated by Microsoft later this year) to Windows 11 for all the Association workstations is an on-going project for TWIA.

AI Proof of Concept Project.

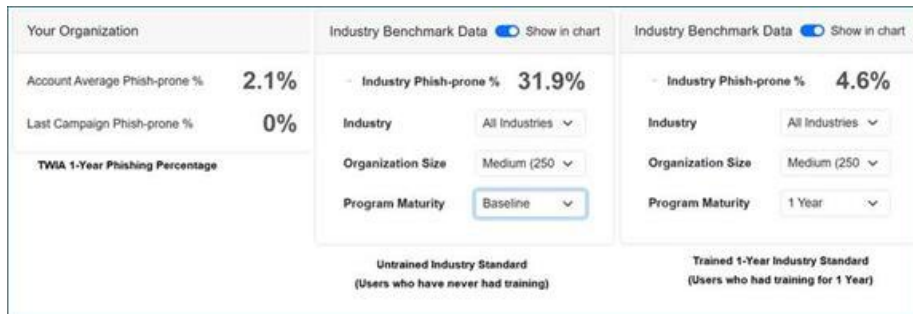
- First feedback milestone was reached from the rollout of Microsoft Copilot to a very select few users in December (this is to evaluate functionality and applicability to the organization). Subsequent feedback milestone will be later in Q2.



Phishing Email Statistics

Summary of results: TWIA is well below industry metrics for a medium sized organization (see chart below), measuring the failure to identify phishing attempts. We send out about 500 simulated emails a month via our Security Training Software (KnowBe4).

Note: Independent pen testing and security assessments have confirmed the metrics during their testing as well. These reports are vetted by auditors every year.



General Status:

Systems are functioning well with monthly releases very limited to business-critical items selected and curated by the respective departments.

12B. Communications and Legislative Affairs Update



MEMORANDUM

DATE: April 16, 2025
TO: David Durden, General Manager
FROM: Anna Stafford, Senior Manager, Legislative & External Affairs
RE: Legislative & External Affairs Operational Highlights

I. Legislative & Regulatory Affairs

a) 89th Legislative Session

- i. The Association's Legislative & External Affairs team continues to monitor developments in the 89th Legislative Session and to provide information to legislators and other stakeholders on bills that may affect Association operations. We have kept Board members informed of legislative activity via scheduled and ad hoc email updates.
- ii. Bills affecting the Association have been moving through the committee process. Below are committee meetings since the February Board meeting at which TWIA bills and issues have been considered. To date, no TWIA bills have been considered on the House or Senate floor.
 1. **House Insurance Committee Organizational Hearing, March 5, 2025:** The Committee held a hearing at which representatives of the Texas Department of Insurance, the Office of Public Insurance Counsel, and the Association presented invited testimony and answered questions from Committee members. Vice President of Legal & Compliance Jessica Crass testified primarily on TWIA's catastrophe funding structure challenges. No legislation was considered at this hearing.
 2. **House Insurance Committee Hearing, April 2, 2025:** The Committee held a hearing on several bills, including the following TWIA bills. TWIA attended the hearing and was available as a resource witness.
 - House Bill 3689 by Rep. Todd Hunter (Nueces County), *relating to funding of excess losses and operating expenses of the Texas Windstorm Insurance Association; authorizing an assessment; authorizing a surcharge.* The General Manager answered questions from Committee members on the impact of this bill on TWIA's catastrophe funding structure and reinsurance costs.
 - House Bill 2213 by Rep. Ann Johnson (Harris County), *relating to the composition of the board of directors of the Texas Windstorm Insurance Association.*
 - House Bill 2517 by Rep. Jeff Barry (Brazoria County), *relating to the applicability of premium and maintenance taxes to Texas Windstorm Insurance Association and*



Texas FAIR Plan Association. This bill would implement one of the Board's Biennial Report recommendations.

- **House Bill 2518** by Rep. Barry, *relating to the use of installment premium payment plans on Texas Windstorm Insurance Association policies.* This bill would implement one of the Board's Biennial Report recommendations.
- **House Bill 2841** by Rep. John Smithee (Potter County), *relating to Texas Windstorm Insurance Association underwriting standards for new structures constructed in accordance with certain construction standards.*
- **House Bill 1576** by Rep. Tom Oliverson (Harris County), *relating to a grant program for hurricane and windstorm loss mitigation for single-family residential property.* This bill would apply one of the Board's Biennial Report recommendations to the insurance industry throughout the state.

3. **House Insurance Committee Formal Meeting, April 3, 2025:** The Committee met and voted to report House Bill 3689 by Rep. Hunter favorably to the full House.

4. **Senate Business & Commerce Committee Hearing, April 8, 2025:** The Committee heard testimony on the following bills by Sen. Mayes Middleton (Galveston County). TWIA attended the hearing and was available as a resource witness.

- **Senate Bill 2530**, *relating to the Texas Windstorm Insurance Association.*
- **Senate Bill 2571**, *relating to funding of excess losses and operating expenses of the Texas Windstorm Insurance Association; authorizing an assessment.*

5. **House Insurance Committee Hearing, April 9, 2025:** The Committee reported favorably to the full House on the following bills heard in a previous Committee meeting:

- **House Bill 1576** by Rep. Oliverson, **House Bill 2517** by Rep. Barry, and **House Bill 2518** by Rep. Barry.
- **House Bill 2213** by Rep. Johnson and **House Bill 2841** by Rep. Smithee were amended by the Committee and reported favorably to the full House.

b) **Legislative Meetings:** Association staff held 30 meetings with legislative offices from January through March, primarily to provide information in response to questions on legislation affecting TWIA operations and funding.

c) **Stakeholder Inquiries:** From January 1 to March 31, TWIA received and responded to 15 legislative and stakeholder inquiries on the following.

- Four policyholder complaints from legislative offices and one from TDI



- Three routine/recurring litigation data requests from a legislative office.
- One request for data related to Hurricane Beryl claims from TDI.
- Four requests from legislative offices for information related to legislation.
- Two requests from the Governor's office related to legislation.

II. Agent Advisory Group (AAG):

- I. The first-quarter AAG meeting was held on February 19 and included discussions about the Association's 89th legislative session activities, the remaining implementation of legislative changes from the 88th legislative session, system functionality updates focused on the Association's transition to the cloud, and the status of TWIA's Board membership.
- II. The AAG also conducted its annual AAG Chair election at the February meeting, selecting Travis McDavid as the new AAG Chair.
- III. The second-quarter AAG meeting will be held on May 7. Discussion topics for the meeting include:
 - An update on the 89th legislative session;
 - An update on 2025 storm season funding and potential policyholder surcharges;
 - The completion of the Association's transition to the cloud; and
 - The annual AAG member nominations process.

16. Future Meetings

August 5, 2025 – Tremont House –
Galveston, TX

November 4, 2025 – Omni Hotel –
Corpus Christi, TX