

**ANNUAL STATEMENT**

**OF THE**

**Texas Windstorm Insurance Association**

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**of** Austin

**in the state of** Texas

**TO THE**

**Insurance Department**

**OF THE**

**Texas**

**FOR THE YEAR ENDED**

**December 31, 2015**

**PROPERTY AND CASUALTY**

**2015**



30040201520100100

# ANNUAL STATEMENT

For the Year Ended December 31, 2015  
OF THE CONDITION AND AFFAIRS OF THE

## Texas Windstorm Insurance Association

NAIC Group Code 4766 4766 NAIC Company Code 30040 Employer's ID Number 74-6189303  
 (Current Period) (Prior Period)

Organized under the Laws of Texas, State of Domicile or Port of Entry Texas

Country of Domicile USA

Incorporated/Organized June 1, 1971 Commenced Business June 1, 1971

Statutory Home Office 5700 S. Mopac Bldg A, Austin, TX, US 78749  
 (Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 5700 S. Mopac Bldg A  
 (Street and Number)  
Austin, TX, US 78749 512-899-4900  
 (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address P.O. Box 99090, Austin, TX, US 78709  
 (Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 5700 S. Mopac Bldg A, Austin, TX, US 78749 512-899-4900  
 (Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address www.twia.org

Statutory Statement Contact Allen David Fulkerson 512-899-4988  
 (Name) (Area Code) (Telephone Number) (Extension)  
afulkerson@twia.org 512-899-4952  
 (E-Mail Address) (Fax Number)

### OFFICERS

#### Chairman

Georgia Rutherford Neblett

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

### VICE-PRESIDENTS

Name	Title	Name	Title
<u>David Patrick Durden</u>	<u>VP Legal</u>	<u>John Walter Morrison</u>	<u>VP Underwriting</u>
<u>James Colin Murphy</u>	<u>VP Actuary</u>	<u>David Scott Williams</u>	<u>VP Claims</u>

### DIRECTORS OR TRUSTEES

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

State of Texas  
County of Travis ss

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

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

Subscribed and sworn to (or affirmed) before me this on this 15 day of March, 2016, by

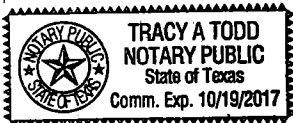
Tracy Todd

a. Is this an original filing? [ ] Yes [X] No

b. If no: 1. State the amendment number 1

2. Date filed 3-22-2016

3. Number of pages attached



## ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)				
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 472,275,562, Schedule E - Part 1), cash equivalents (\$ 519,341,179, Schedule E - Part 2), and short-term investments (\$ 0, Schedule DA)	1,006,708,438	15,091,697	991,616,741	1,145,357,732
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)				
9. Receivables for securities				
10. Securities lending reinvested collateral assets (Schedule DL)				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	1,006,708,438	15,091,697	991,616,741	1,145,357,732
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	99,543		99,543	37,855
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	360,277	132,129	228,148	209,735
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums (\$ 0) and contracts subject to redetermination (\$ 0)				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers				
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset				
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	6,207,478	6,207,478		
21. Furniture and equipment, including health care delivery assets (\$ 0)	1,355,358	1,355,358		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	1,054,610		1,054,610	715,489
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other-than-invested assets	1,207,679	1,112,860	94,819	162,596
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,016,993,383	23,899,522	993,093,861	1,146,483,407
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	1,016,993,383	23,899,522	993,093,861	1,146,483,407

DETAILS OF WRITE-IN LINES				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Prepaid assets	1,000,979	1,000,979		
2502. Security deposit - lease	111,881	111,881		
2503. Accounts receivable write-in	94,819		94,819	162,596
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,207,679	1,112,860	94,819	162,596

NONE

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Year	Prior Year
1. Losses (Part 2A, Line 35, Column 8)	61,066,377	58,756,130
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)		
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	13,986,366	12,552,703
4. Commissions payable, contingent commissions and other similar charges	4,932,525	5,775,005
5. Other expenses (excluding taxes, licenses and fees)	4,200,368	2,616,833
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	1,954,041	1,900,017
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))		
7.2 Net deferred tax liability		
8. Borrowed money \$ 500,000,000 and interest thereon \$ 19,344,000	519,344,000	509,779,467
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 0 and including warranty reserves of \$ 0 and accrued accident and health experience rating refunds including \$ 0 for medical loss ratio rebate per the Public Health Service Act)	246,828,924	244,726,450
10. Advance premium	7,326,578	6,328,872
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	26,038,730	27,376,869
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14. Amounts withheld or retained by company for account of others		
15. Remittances and items not allocated	6,184,337	5,868,615
16. Provision for reinsurance (including \$ 0 certified) (Schedule F, Part 8)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates		
20. Derivatives		
21. Payable for securities		
22. Payable for securities lending		
23. Liability for amounts held under uninsured plans		
24. Capital notes \$ 0 and interest thereon \$ 0		
25. Aggregate write-ins for liabilities	101,231,615	270,802,446
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	993,093,861	1,146,483,407
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	993,093,861	1,146,483,407
29. Aggregate write-ins for special surplus funds		
30. Common capital stock		
31. Preferred capital stock		
32. Aggregate write-ins for other-than-special surplus funds		
33. Surplus notes		
34. Gross paid in and contributed surplus		
35. Unassigned funds (surplus)		
36. Less treasury stock, at cost:		
36.1 0 shares common (value included in Line 30 \$ 0)		
36.2 0 shares preferred (value included in Line 31 \$ 0)		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)		
38. Totals (Page 2, Line 28, Col. 3)	993,093,861	1,146,483,407

DETAILS OF WRITE-IN LINES		
2501. Statutory fund payable	92,712,956	262,719,243
2502. Pension benefits liability	4,262,518	3,714,793
2503. Escheat funds	2,539,084	2,590,517
2598. Summary of remaining write-ins for Line 25 from overflow page	1,717,057	1,777,893
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	101,231,615	270,802,446
2901. ....		
2902. ....		
2903. ....		
2998. Summary of remaining write-ins for Line 29 from overflow page	<b>NONE</b>	
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)		
3201. ....		
3202. ....		
3203. ....		
3298. Summary of remaining write-ins for Line 32 from overflow page	<b>NONE</b>	
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)		

## STATEMENT OF INCOME

	1	2
	Current Year	Prior Year
<b>UNDERWRITING INCOME</b>		
1. Premiums earned (Part 1, Line 35, Column 4)	377,594,383	367,555,397
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	136,494,508	(25,826,201)
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	42,391,266	11,832,299
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	114,972,763	109,189,296
5. Aggregate write-ins for underwriting deductions	92,712,956	262,719,244
6. Total underwriting deductions (Lines 2 through 5)	386,571,493	357,914,638
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(8,977,110)	9,640,759
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	(37,754,478)	(15,841,220)
10. Net realized capital gains (losses) less capital gains tax of \$ 0 (Exhibit of Capital Gains (Losses))		
11. Net investment gain (loss) (Lines 9 + 10)	(37,754,478)	(15,841,220)
<b>OTHER INCOME</b>		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 0 amount charged off \$ 0)		
13. Finance and service charges not included in premiums		
14. Aggregate write-ins for miscellaneous income	3,888	7,986,533
15. Total other income (Lines 12 through 14)	3,888	7,986,533
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(46,727,700)	1,786,072
17. Dividends to policyholders		
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	(46,727,700)	1,786,072
19. Federal and foreign income taxes incurred	(7,828,675)	6,938,511
20. Net income (Line 18 minus Line 19) (to Line 22)	(38,899,025)	(5,152,439)
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)		
22. Net income (from Line 20)	(38,899,025)	(5,152,439)
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 0		
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax		
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	39,446,750	8,090,330
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		
32. Capital changes:		
32.1 Paid in		
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in		
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders		
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus	(547,725)	(2,937,891)
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)		
39. Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)		

<b>DETAILS OF WRITE-IN LINES</b>		
0501. Statutory fund expense	92,712,956	262,719,244
0502.		
0503.		
0598. Summary of remaining write-ins for Line 05 from overflow page		
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)	92,712,956	262,719,244
1401. Other income (loss)	3,888	270,759
1402. Sales tax refund		7,715,774
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	3,888	7,986,533
3701. Pension unassigned funds - unrecognized losses	(547,725)	(2,937,891)
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	(547,725)	(2,937,891)

## CASH FLOW

	1	2
<b>Cash from Operations</b>	Current Year	Prior Year
1. Premiums collected net of reinsurance	379,328,516	381,148,628
2. Net investment income	(37,895,090)	(15,877,106)
3. Miscellaneous income	3,888	7,986,533
4. Total (Lines 1 through 3)	341,437,314	373,258,055
5. Benefit and loss related payments	134,184,261	27,054,064
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	417,775,602	152,684,268
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	(61,059,212)	
10. Total (Lines 5 through 9)	490,900,651	179,738,332
11. Net cash from operations (Line 4 minus Line 10)	(149,463,337)	193,519,723
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds		
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)		
13. Cost of investments acquired (long-term only):		
13.1 Bonds		
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)		
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)		
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds	9,564,533	509,779,467
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	(13,842,187)	2,865,567
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(4,277,654)	512,645,034
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(153,740,991)	706,164,757
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	1,145,357,732	439,192,975
19.2 End of year (Line 18 plus Line 19.1)	991,616,741	1,145,357,732

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

20.0001		
20.0002		
20.0003		

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1 – PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year- per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire				
2. Allied lines	379,696,858	244,726,450	246,828,924	377,594,384
3. Farmowners multiple peril				
4. Homeowners multiple peril				
5. Commercial multiple peril				
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine				
10. Financial guaranty				
11.1 Medical professional liability—occurrence				
11.2 Medical professional liability—claims-made				
12. Earthquake				
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health				
16. Workers' compensation				
17.1 Other liability—occurrence				
17.2 Other liability—claims-made				
17.3 Excess workers' compensation				
18.1 Products liability—occurrence				
18.2 Products liability—claims-made				
19.1,19.2 Private passenger auto liability				
19.3,19.4 Commercial auto liability				
21. Auto physical damage				
22. Aircraft (all perils)				
23. Fidelity				
24. Surety				
26. Burglary and theft				
27. Boiler and machinery				
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-nonproportional assumed property				
32. Reinsurance-nonproportional assumed liability				
33. Reinsurance-nonproportional assumed financial lines				
34. Aggregate write-ins for other lines of business				
35. TOTALS	379,696,858	244,726,450	246,828,924	377,594,384

DETAILS OF WRITE-IN LINES				
3401.				
3402.				
3403.				
3498. Sum of remaining write-ins for Line 34 from overflow page				
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)				

NONE

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1A – RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire					
2. Allied lines	246,828,924				246,828,924
3. Farmowners multiple peril					
4. Homeowners multiple peril					
5. Commercial multiple peril					
6. Mortgage guaranty					
8. Ocean marine					
9. Inland marine					
10. Financial guaranty					
11.1 Medical professional liability—occurrence					
11.2 Medical professional liability—claims-made					
12. Earthquake					
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health					
16. Workers' compensation					
17.1 Other liability—occurrence					
17.2 Other liability—claims-made					
17.3 Excess workers' compensation					
18.1 Products liability—occurrence					
18.2 Products liability—claims-made					
19.1,19.2 Private passenger auto liability					
19.3,19.4 Commercial auto liability					
21. Auto physical damage					
22. Aircraft (all perils)					
23. Fidelity					
24. Surety					
26. Burglary and theft					
27. Boiler and machinery					
28. Credit					
29. International					
30. Warranty					
31. Reinsurance-nonproportional assumed property					
32. Reinsurance-nonproportional assumed liability					
33. Reinsurance-nonproportional assumed financial lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	246,828,924				246,828,924
36. Accrued retrospective premiums based on experience					
37. Earned but unbilled premiums					
38. Balance (Sum of Lines 35 through 37)					246,828,924

DETAILS OF WRITE-IN LINES					
3401.					
3402.					
3403.					
3498. Sum of remaining write-ins for Line 34 from overflow page					
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)					

NONE

(a) State here basis of computation used in each case Daily Pro Rate



## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1B – PREMIUMS WRITTEN

Line of Business	1	Reinsurance Assumed		Reinsurance Ceded		6
	Direct Business (a)	2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
1. Fire						
2. Allied lines	503,824,316				124,127,458	379,696,858
3. Farmowners multiple peril						
4. Homeowners multiple peril						
5. Commercial multiple peril						
6. Mortgage guaranty						
8. Ocean marine						
9. Inland marine						
10. Financial guaranty						
11.1 Medical professional liability--occurrence						
11.2 Medical professional liability--claims-made						
12. Earthquake						
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health						
16. Workers' compensation						
17.1 Other liability—occurrence						
17.2 Other liability—claims-made						
17.3 Excess workers' compensation						
18.1 Products liability—occurrence						
18.2 Products liability—claims-made						
19.1,19.2 Private passenger auto liability						
19.3,19.4 Commercial auto liability						
21. Auto physical damage						
22. Aircraft (all perils)						
23. Fidelity						
24. Surety						
26. Burglary and theft						
27. Boiler and machinery						
28. Credit						
29. International						
30. Warranty						
31. Reinsurance-nonproportional assumed property	X X X					
32. Reinsurance-nonproportional assumed liability	X X X					
33. Reinsurance-nonproportional assumed financial lines	X X X					
34. Aggregate write-ins for other lines of business						
35. TOTALS	503,824,316				124,127,458	379,696,858

DETAILS OF WRITE-IN LINES						
3401. ....						
3402. ....						
3403. ....						
3498. Sum of remaining write-ins for Line 34 from overflow page						
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)						

NONE

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [ ] No [X]

If yes: 1. The amount of such installment premiums \$ 0

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$ 0

## UNDERWRITING AND INVESTMENT EXHIBIT PART 2 – LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire								
2. Allied lines	134,184,261			134,184,261	61,066,377	58,756,130	136,494,508	36.148
3. Farmowners multiple peril								
4. Homeowners multiple peril								
5. Commercial multiple peril								
6. Mortgage guaranty								
8. Ocean marine								
9. Inland marine								
10. Financial guaranty								
11.1 Medical professional liability—occurrence								
11.2 Medical professional liability—claims-made								
12. Earthquake								
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health								
16. Workers' compensation								
17.1 Other liability—occurrence								
17.2 Other liability—claims-made								
17.3 Excess workers' compensation								
18.1 Products liability—occurrence								
18.2 Products liability—claims-made								
19.1,19.2 Private passenger auto liability								
19.3,19.4 Commercial auto liability								
21. Auto physical damage								
22. Aircraft (all perils)								
23. Fidelity								
24. Surety								
26. Burglary and theft								
27. Boiler and machinery								
28. Credit								
29. International								
30. Warranty								
31. Reinsurance-nonproportional assumed property	X X X							
32. Reinsurance-nonproportional assumed liability	X X X							
33. Reinsurance-nonproportional assumed financial lines	X X X							
34. Aggregate write-ins for other lines of business								
35. TOTALS	134,184,261			134,184,261	61,066,377	58,756,130	136,494,508	36.148

DETAILS OF WRITE-IN LINES								
3401.								
3402.								
3403.								
3498. Sum of remaining write-ins for Line 34 from overflow page								
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)								

NONE

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2A – UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire									
2. Allied lines	10,520,674			10,520,674	50,545,704			61,066,378	13,986,366
3. Farmowners multiple peril									
4. Homeowners multiple peril									
5. Commercial multiple peril									
6. Mortgage guaranty									
8. Ocean marine									
9. Inland marine									
10. Financial guaranty									
11.1 Medical professional liability—occurrence									
11.2 Medical professional liability—claims-made									
12. Earthquake									
13. Group accident and health								(a)	
14. Credit accident and health (group and individual)									
15. Other accident and health								(a)	
16. Workers' compensation									
17.1 Other liability—occurrence									
17.2 Other liability—claims-made									
17.3 Excess workers' compensation									
18.1 Products liability—occurrence									
18.2 Products liability—claims-made									
19.1,19.2 Private passenger auto liability									
19.3,19.4 Commercial auto liability									
21. Auto physical damage									
22. Aircraft (all perils)									
23. Fidelity									
24. Surety									
26. Burglary and theft									
27. Boiler and machinery									
28. Credit									
29. International									
30. Warranty									
31. Reinsurance-nonproportional assumed property	X X X				X X X				
32. Reinsurance-nonproportional assumed liability	X X X				X X X				
33. Reinsurance-nonproportional assumed financial lines	X X X				X X X				
34. Aggregate write-ins for other lines of business									
35. TOTALS	10,520,674			10,520,674	50,545,704			61,066,378	13,986,366
<b>DETAILS OF WRITE-IN LINES</b>									
3401.									
3402.									
3403.									
3498. Sum of remaining write-ins for Line 34 from overflow page									
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)									

NONE

(a) Including \$ 0 for present value of life indemnity claims.

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	30,841,160			30,841,160
1.2 Reinsurance assumed				
1.3 Reinsurance ceded				
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	30,841,160			30,841,160
2. Commission and brokerage:				
2.1 Direct, excluding contingent		80,599,761		80,599,761
2.2 Reinsurance assumed, excluding contingent				
2.3 Reinsurance ceded, excluding contingent		3,255,918		3,255,918
2.4 Contingent—direct				
2.5 Contingent—reinsurance assumed				
2.6 Contingent—reinsurance ceded				
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)		77,343,843		77,343,843
3. Allowances to manager and agents				
4. Advertising		87,775		87,775
5. Boards, bureaus and associations		206,656		206,656
6. Surveys and underwriting reports		1,790,095		1,790,095
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	6,264,482	11,149,037		17,413,519
8.2 Payroll taxes	156,025	624,102		780,127
9. Employee relations and welfare	751,205	3,199,162		3,950,367
10. Insurance	59,717	238,868		298,585
11. Directors' fees				
12. Travel and travel items	41,116	199,416		240,532
13. Rent and rent items	2,266,306	1,771,077		4,037,383
14. Equipment	44,411	989,836		1,034,247
15. Cost or depreciation of EDP equipment and software		1,973,959		1,973,959
16. Printing and stationery	63,148	275,637		338,785
17. Postage, telephone and telegraph, exchange and express	489,261	1,231,552		1,720,813
18. Legal and auditing	682,479	836,456		1,518,935
19. Totals (Lines 3 to 18)	10,818,150	24,573,628		35,391,778
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 0		9,788,593		9,788,593
20.2 Insurance department licenses and fees				
20.3 Gross guaranty association assessments				
20.4 All other (excluding federal and foreign income and real estate)		39,490		39,490
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		9,828,083		9,828,083
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	731,956	3,227,208	167,955	4,127,119
25. Total expenses incurred	42,391,266	114,972,762	167,955	(a) 157,531,983
26. Less unpaid expenses—current year	13,986,366	11,086,935	15,000	25,088,301
27. Add unpaid expenses—prior year	12,552,703	10,291,854	13,815	22,858,372
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	40,957,603	114,177,681	166,770	155,302,054

DETAILS OF WRITE-IN LINES				
2401. IT Expenses less Capitalization of Hardware & Software	731,956	3,089,935		3,821,891
2402. Bond Issuance Expense			167,955	167,955
2403. HB3 Ombudsman Program		109,855		109,855
2498. Sum of remaining write-ins for Line 24 from overflow page		27,418		27,418
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	731,956	3,227,208	167,955	4,127,119

(a) Includes management fees of \$ 0 to affiliates and \$ (9,505,184) to non-affiliates.

### EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a)	
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a)	
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 1,039,000	1,101,477
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	1,039,000	1,101,477
11. Investment expenses		(g) 167,955
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h) 38,688,000
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		38,855,955
17. Net investment income (Line 10 minus Line 16)		(37,754,478)

DETAILS OF WRITE-IN LINES			
0901.	<b>NONE</b>		
0902.			
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)			
1501.	<b>NONE</b>		
1502.			
1503.			
1598. Summary of remaining write-ins for Line 15 from overflow page			
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)			

- (a) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

### EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds					
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)					
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)					

DETAILS OF WRITE-IN LINES					
0901.	<b>NONE</b>				
0902.					
0903.					
0998. Summary of remaining write-ins for Line 09 from overflow page					
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)					

## EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)	15,091,697		(15,091,697)
6. Contract loans			
7. Derivatives (Schedule DB)			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)	15,091,697		(15,091,697)
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	132,129	122,635	(9,494)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums and contracts subject to redetermination			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon		53,230,537	53,230,537
18.2 Net deferred tax asset			
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software	6,207,478	7,898,810	1,691,332
21. Furniture and equipment, including health care delivery assets	1,355,358	1,582,345	226,987
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable			
25. Aggregate write-ins for other-than-invested assets	1,112,860	511,944	(600,916)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	23,899,522	63,346,271	39,446,749
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	23,899,522	63,346,271	39,446,749

DETAILS OF WRITE-IN LINES			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501. Prepaid Expense	1,000,979	400,063	(600,916)
2502. Lease Security Deposit	111,881	111,881	
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,112,860	511,944	(600,916)

## NOTES TO FINANCIAL STATEMENTS

### Note 1 – Summary of Significant Accounting Policies

#### A. Accounting Practices, Impact of NAIC/State Differences

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

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

Description	2015	2014
1. Net income, TX basis	(\$ 38,899,025)	(\$ 5,152,439)
2. Effect of TX prescribed practices	-	-
3. Effect of TX permitted practices	-	-
4. Net income, NAIC SAP basis	(\$ 38,899,025)	(\$ 5,152,439)

Description	2015	2014
5. Policyholders' surplus, TX basis	\$ -	\$ -
6. Effect of TX prescribed practices	-	-
7. Effect of TX permitted practices	(519,341,179)	(503,772,725)
8. Policyholders' surplus, NAIC SAP basis	(\$ 519,341,179)	(\$ 503,772,725)

TDI has approved the permitted practice to allow TWIA to admit the following restricted assets associated with the issuance of Series 2014 Pre-Event Class 1 Revenue Bonds ("Series 2014 bonds") as of December 31, 2015 (see Debt footnote):

- \$444,242,515 held in the program fund.
- \$90,190,361 held in the obligation revenue fund for repayment of the Series 2014 bonds.
- (\$15,091,697) related to the amount of assets in excess of bond liabilities.

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

#### B. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in these financial statements and notes. Actual results could differ from these estimates.

#### C. Accounting Policy

All policies issued by the Association have a maximum term of one year from date of issuance. Premiums earned are taken into income over the periods covered by the policies whereas the related acquisition costs are expensed when incurred. Unearned premiums, net of deductions for reinsurance, are computed on a pro-rata basis over the term of the policies.

In addition, the company uses the following accounting policy:

1. Loss and loss adjustment expense reserves are based upon claim estimates for (1) losses for cases reported prior to the close of the accounting period, (2) losses incurred but unreported prior to the close of the accounting period, and (3) expenses for investigating and adjusting claims. Such liabilities are necessarily based on assumptions and estimates and while management believes the amounts are adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.
2. The Association has a written capitalization policy for prepaid expenses and purchases of items such as electronic data processing equipment, software, furniture, other equipment and leasehold improvements. The predefined capitalization thresholds under this policy have not changed from those of the prior year.
3. Reverse repurchase agreements are recorded in cash equivalents if the repurchase date is less than 90 day. Reverse repurchase agreements represent the purchase of a security with an agreement to resell.

## NOTES TO FINANCIAL STATEMENTS

### D. Going Concern

Management has evaluated the Association's ability to continue as a going concern. There is no substantial doubt for the Association to continue as a going concern.

### Note 2 – Accounting Changes and Correction of Errors

#### A. Material Changes in Accounting Principal

The Association prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Texas. Effective January 1, 2001, the State of Texas required that insurance companies domiciled in the State of Texas prepare their statutory basis financial statements in accordance with the NAIC *Accounting Practices and Procedures* manual subject to any deviations prescribed or permitted by the State of Texas insurance commissioner.

#### B. Correction of Errors

Not applicable.

### Note 3 – Business Combinations and Goodwill

#### A. Not applicable

### Note 4 – Discontinued Operations

#### A. Not applicable

### Note 5 – Investments

#### A. Mortgage Loans, including Mezzanine Real Estate Loans

None

#### B. Debt Restructuring

None

#### C. Reverse Mortgages

None

#### D. Loan-Backed Securities

None

#### E. Repurchase Agreements and/or Securities Lending Transactions

1. The Association invests in overnight reverse repurchase agreements with the Texas Treasury Safekeeping Trust Company (TTSTC). These invested funds were received during the issuance of bonds during 2015 and include debt service payments. The funds are held at the TTSTC to be used for debt service and for use when a catastrophic event occurs. See note 1 and note 11. The collateral required requires at least 100% for Treasuries; 101% for Agencies and US Instrumentalities and 102% for mortgage-backed securities. The fair value of reverse repurchase agreements was \$534,432,876 and \$503,772,725 at December 31, 2015 and 2014, respectively.

2. The Association has not pledged any of its assets as collateral as of December 31, 2015.

3. A. Collateral Received

#### Fair Value

##### 1. Repurchase Agreement

(a) Open	\$ -
(b) 30 Days or Less	534,432,876
(c) 31 to 60 Days	-
(d) 61 to 90 Days	-
(e) Greater Than 90 Days	-
(f) Sub-Total	-
(g) Securities Received	-
(h) Total Collateral Received	<u>\$534,432,876</u>



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**NOTES TO FINANCIAL STATEMENTS**


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## 2. Securities Lending

(a) Open	\$	-
(b) 30 Days or Less		-
(c) 31 to 60 Days		-
(d) 61 to 90 Days		-
(e) Greater Than 90 Days		-
(f) Sub-Total		-
(g) Securities Received		-
(h) Total Collateral	\$	-

## 3. Dollar Repurchase

(a) Open	\$	-
(b) 30 Days or Less		-
(c) 31 to 60 Days		-
(d) 61 to 90 Days		-
(e) Greater Than 90 Days		-
(f) Sub-Total		-
(g) Securities Received		-
(h) Total Collateral	\$	-

B. The aggregate fair value of all securities acquired was \$534,432,876.

C. The securities received are held in cash equivalents.

4. The Association had no security lending transactions as of December 31, 2015 or 2014.

## 5. Collateral Reinvestment

None

6. The Association invests in overnight repurchase agreements. In the event of default, the Association would redeem collateral as needed.

7. Securities Lending Transactions greater than one year.

None

## F. Real Estate

None

## G. Investment in Low-Income Housing Tax Credits

None

## NOTES TO FINANCIAL STATEMENTS

### H. Restricted Assets

1. Restricted assets (including pledged) summarized by restricted asset category. Assets restricted below are held by the Texas Treasury Safekeeping Trust Company and are restricted for use for debt service reserves and for when a catastrophic event occurs. See note 1 and note 11. These assets are invested in overnight reverse repurchase agreements.

Restricted Asset Category	Gross Restricted							Total Current Year Admitted Restricted	Percentage		
	Current Year					6	7		8	9	10
	1	2	3	4	5						
	Total General Account (G/A)	G/A Supporting S/A Restricted Assets (a)	Total Separate Account (S/A) Restricted Assets	S/A Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase / (Decrease) (5 minus 6)		Gross Restricted to Total Assets	Admitted Restricted to Total Admitted Assets	
a. to c. None											
d. Subject to reverse repurchase	534,432,876				534,432,876	503,772,725	30,660,151	519,341,179	52.52%	52.30%	
e. to n. None											
o. Total restricted assets	534,432,876				534,432,876	503,772,725	30,660,151	519,341,179	52.52%	52.30%	

- (a) Subset of column 1
- (b) Subset of column 3

2. Detail of assets pledged as collateral not captured in other categories (reported on line m above)

None

3. Detail of other restricted assets (reported on line n above)

None

### I. Working Capital Finance Investments

None

### J. Offsetting and Netting of Assets and Liabilities

None

### K. Structured Notes

None

### Note 6 – Joint Ventures, Partnerships and Limited Liability Companies

- A. Not applicable

### Note 7 – Investment Income

- A. There was no due and accrued income excluded from surplus.

### Note 8 – Derivative Instruments

- A. Not applicable

### Note 9 – Income Taxes

In 2010, Texas Windstorm Insurance Association (“Association”) applied for and received a Private Letter Ruling (“PLR”) from the Internal Revenue Service. The PLR requested acknowledgement that the Association’s income is derived from an essential governmental function which accrues to a state or political subdivision and is therefore excluded from gross income under Section 115(1) OF THE Internal Revenue Code (“IRC”). On August 17, 2010, the Internal Revenue Service ruled that the Association performs an essential government function and that income from that function is excluded from gross income under IRC Section 115(1).

The Association had filed amended returns with the Internal Revenue Service for open years based upon the Private Letter Ruling excluding from gross income the income derived from an essential

## NOTES TO FINANCIAL STATEMENTS

governmental function. During September 2015, TWIA received a final federal tax refund in the amount of \$61,059,212.41. As of September 30, 2015, the recoverable, liabilities and non-admitted assets have been reduced to \$0. Due to the actual refund being greater than the original estimate recorded at December 31, 2014, \$7,828,675 has been recognized in the Federal and foreign income taxes incurred within the Statement of Income.

The Association had been filing form 1120-PC tax returns with the Internal Revenue Service as a property and casualty insurance company. Under the Internal Revenue Code the statute of limitations to be assessed additional taxes or to file amended tax returns is 3 years from the later of the due date of the return (including extensions) or the filing date of the return. There are existing net operating loss carryforwards in open tax years that are not anticipated to be realized. No further federal income tax impact is expected in the future.

### **Note 10 – Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties**

A. Nature of Relationships

Pursuant to the Association's Plan of Operation, the Board of Directors consists of nine voting members appointed by the Commissioner of Insurance. The nine-member Board includes three public members residing in the first tier coastal counties and representing certain regions of the catastrophe area, three non-coastal representatives residing more than 100 miles from the coast, and three industry representatives actively writing and renewing windstorm and hail insurance in the first tier coastal counties.

On October 10, 2002, the Commissioner of Insurance in Texas enacted Article 21.49A of the Texas Insurance Code implementing the Texas FAIR Plan Association. The Commissioner instructed the Texas Windstorm Insurance Association to manage the FAIR Plan.

B. Detail of Transactions Greater than ½% of Admitted Assets

None

C. Change in Terms of Intercompany Arrangements

None

D. Amounts Due to or from Related Parties

During 2015 and 2014 the Association paid expenses for the Texas FAIR Plan Association ("the Plan") under its management contract and was reimbursed \$9,505,904, and \$7,493,364 respectively. As of December 31, 2015 and 2014, the Association incurred or paid expenses for which it has not been reimbursed of \$1,054,610 and \$715,489, respectively, on behalf of the Plan. These amounts are recognized in the statutory statements of admitted assets, liabilities, surplus and other funds as a receivable from Texas FAIR Plan Association. This arrangement is subject to a written agreement which requires that balances be settled within 30 days.

E. Guarantees or Undertakings for Related Parties

Not applicable

F. Management, Service Contracts, Cost Sharing Arrangements

During 2002, the Association entered into a service contract with the Texas Fair Plan Association (the "Plan") in which the Association is to be fully reimbursed for all expenditures, professional fees, consulting services, allocated employee time, lost investment income and other costs directly associated with the services provided by the Association on behalf of the Plan.

G. Nature of Relationships that Could Affect Operations

None

H. Amount Deducted for Investment in Upstream Company

Not applicable

I. Detail of Investments in Affiliates Great than 10% of Admitted Assets

Not applicable

J. Write-downs for Impairment of Investments in Affiliates

Not applicable

## NOTES TO FINANCIAL STATEMENTS

- K. Foreign Insurance Subsidiary Valued Using CARVM  
Not applicable
- L. Downstream Holding Company valued Using Look-Through method  
Not applicable
- M&N. Investments in Subsidiary, Controlled and Affiliated Entities  
Not applicable

### **Note 11 – Debt**

- A. The Texas Public Finance Authority (the “Authority” or the “Issuer”) has issued the Texas Public Finance Authority Class 1 Revenue Bonds (Texas Windstorm Insurance Association Program), Taxable Series 2014 (the “Bonds”) on behalf of TWIA for the purpose of financing future costs in the amount of \$500,000,000. The Bonds are issued pursuant to a master resolution adopted by the Board of Directors of the Authority (the “Board”) on September 24, 2014 (the “Master Resolution”), and a first supplemental resolution adopted by the Board on September 24, 2014 (the “First Supplemental Resolution”, and together with the Master Resolution, the “Resolutions”). The Bonds constitute the initial series of Class 1 Public Securities of the Authority secured and payable from Class 1 Pledged Revenues irrevocably pledged under the Resolutions. TWIA has pledged the Class 1 Pledged Revenues to the Authority pursuant to a Financing and Pledge Agreement dated as of September 1, 2014 between the Authority and TWIA.

The secured Bonds were issued on September 30, 2014 for \$500,000,000 which is fully outstanding as of both December 31, 2015 and 2014. The bonds mature July 1, 2024 and can be called by the Seller beginning January 1, 2020. The Bonds bear interest from 5.25% to 8.25% with an effective interest rate of 8.03%. Interest is payable semi-annually on January 1 and July 1 with the first payment made January 1, 2015. The Bonds are secured by TWIA’s net premium and other revenue which is used to fund the Debt Service and related accounts held by the Texas Treasury Safekeeping Trust Company.

There are various general and special covenants. The primary covenant, which exists as long as there are outstanding Class 1 Public Securities and Administrative Expenses are incurred, states that TWIA will take actions that produce Projected Net Coverage Revenues in an amount not less than 1.25 times the Obligations due in the next calendar year and 1.25 times the estimated amount of Administrative Expenses due in the next calendar year. Another covenant, which exists as long as the Bonds are outstanding, states that TWIA will maintain the Operating bank account subject to a deposit account control agreement to maintain a perfected security interest in the Net Premiums and Other Revenue held for the benefit of the Bondholders. The deposit account control agreement is activated upon default of the debt covenants. As of both December 31, 2015 and 2014, TWIA is not in violation of these or any of the other various covenants.

The Bonds are subject to optional make-whole redemption, in whole or in part, at the option of the Authority, at the request of TWIA prior to July 1, 2019 at a redemption price equal to the greater of (i) 100% of the principal amount of the Bonds to be redeemed or (ii) the sum of the present values of the remaining schedule payments of principal and interest on the Bonds to be redeemed (exclusive of interest accrued to the date fixed for redemption) discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 100 basis points, plus in each case, accrued and unpaid interest on the Bonds being redeemed to the date fixed for redemption.

The Bonds are also subject to optional redemption prior to maturity on or after July 1, 2019, in whole or in part, at a redemption price equal to the principal amount of Bonds to be redeemed plus accrued interest to the date of redemption.

At December 31, 2015 and 2014, the notes had no unamortized premium or discount. Bond issuance costs amounted to \$7,110,364 at December 31, 2014. Bond issuance costs are expensed as incurred.

Interest expense incurred is recorded as an investment expense and was \$38,688,000 and \$9,779,467 for the years ended December 31, 2015 and 2014, respectively. Interest expense of \$29,123,467 and \$0 was paid for the years ended December 31, 2015 and 2015, respectively.

Changes in bonds payable for the period ending December 31, 2015:

Description	Bonds Outstanding December 31, 2014	Bonds Issued	Bonds Matured	Bonds Outstanding December 31, 2015
Taxable Series 2014	\$ 500,000,000	\$ -	\$ -	\$ 500,000,000

## NOTES TO FINANCIAL STATEMENTS

The schedule of aggregate maturities for the next five years and thereafter is as follows:

Year	Amount
2016	\$ 41,600,000
2017	43,800,000
2018	46,100,000
2019	49,900,000
2020	54,000,000
Thereafter	264,600,000
On Demand	-
<b>Total</b>	<b>\$ 500,000,000</b>

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

Not applicable

### **Note 12 – Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans**

A. Defined Benefit Plan

The Association has a defined pension benefit plan, which covers employees from their date of hire, if the employee is scheduled to work at least 1,000 hours in a twelve-month period. Pension benefits are based on years of service and the employee's compensation during the five highest consecutive years' earnings from the last ten years of employment. An employee's benefits vest 5 years from date of hire. The Association makes contributions to the plan that complies with the minimum funding provisions of the Employee Retirement Income Security Act. Such contributions are included in general expenses. As of December 31, 2015, the Association accrued in accordance with actuarially determined amounts with an offset to the pension cost accrual for the incremental asset amortization.

A summary of assets, obligations and assumptions of the Pension Plan are as follows at December 31, 2015 and 2014:

1. Change in benefit obligation:

	<b><u>Underfunded</u></b>	
	<b><u>2015</u></b>	<b><u>2014</u></b>
Benefit obligation at beginning of year	\$ 16,020,628	\$ 11,797,687
Service cost	1,308,992	974,689
Interest cost	676,518	585,743
Contribution by plan participants	-	-
Actuarial loss/(gain)	(603,468)	3,022,818
Foreign currency exchange rate changes	-	-
Benefits paid	(427,460)	(360,309)
Plan Amendments	488,742	-
Business combinations, divestitures, curtailments, settlements and special termination benefits	-	-
<b>Benefit obligation at end of year</b>	<b>\$ 17,463,952</b>	<b>\$ 16,020,628</b>

2. Change in Pension plan assets:

	<b><u>2015</u></b>	<b><u>2014</u></b>
Fair value of plan assets at beginning of year	\$ 11,087,637	\$ 9,709,938
Actual return/(loss) on plan assets	(187,904)	703,692
Foreign currency exchange rate changes	-	-
Employer contributions	930,888	1,034,316
Plan participants' contributions	-	-
Benefits paid	(427,460)	(360,309)
Business combinations, divestitures and settlements	-	-
<b>Fair value of plan assets at end of year</b>	<b>\$ 11,403,161</b>	<b>\$ 11,087,637</b>

3. Funded status:

	<b><u>2015</u></b>	<b><u>2014</u></b>
Assets (nonadmitted)		
Prepaid benefit costs	\$ -	\$ -
Overfunded plan assets	-	-
Total assets (nonadmitted)	-	-
Liabilities recognized		
Accrued benefit costs	1,798,273	1,218,198
Liability for pension benefits	<u>4,262,518</u>	<u>3,714,793</u>
Total liabilities recognized	6,060,791	4,932,991

## NOTES TO FINANCIAL STATEMENTS

Unrecognized liabilities as a component of net periodic benefit cost	-	-	
Funded Status	(\$6,060,791)	(\$4,932,991)	
4. Components of net periodic benefit costs:			
	<u>2015</u>	<u>2014</u>	
Service cost	\$ 1,308,992	\$ 974,689	
Interest cost	676,518	585,743	
Expected return on plan assets	(681,234)	(618,765)	
Transition asset or obligation	-	-	
(Gains) and losses amortization	206,687	-	
Prior service cost or credit	-	-	
(Gain) or loss recognized due to settlement or curtailment	-	-	
Total net periodic benefit cost	\$ 1,510,963	\$ 941,667	
5. Amounts in unassigned funds (surplus) recognized as components of net periodic benefit cost			
	<u>2015</u>	<u>2014</u>	
Items not yet recognized as a component of net periodic cost – prior year	\$ 3,714,793	\$ 776,902	
Net transition asset or obligation recognized	-	-	
Net prior service cost or (credit) arising during the period	488,742	-	
Net prior service cost or (credit) recognized	-	-	
Net (gain) and loss arising during the period	265,670	2,937,891	
Net loss/(gain) recognized	(206,687)	-	
Items not yet recognized as a component of net periodic cost – current year	\$ 4,262,518	\$ 3,714,793	
6. Amounts in unassigned funds (surplus) expected to be recognized in the next fiscal year as components of net periodic benefit cost:			
	<u>2015</u>	<u>2014</u>	
Net transition asset or obligation	\$ -	\$ -	
Net prior service cost or credit	44,359	-	
Net recognized gains and losses	\$ 184,006	\$ 208,727	
7. Amounts in unassigned funds (surplus) that have not yet been recognized as components of net periodic benefit cost:			
	<u>2015</u>	<u>2014</u>	
Net transition asset or obligation	\$ -	\$ -	
Net prior service cost or credit	488,742	-	
Net recognized gains and losses	\$ 3,773,776	\$ 3,714,793	
8. Weighted-average assumptions used to determine net periodic benefit cost as of December 31:			
	<u>2015</u>	<u>2014</u>	
Weighted-average discount rate	4.25%	5.00%	
Expected long-term rate of return on plan assets	6.00%	6.25%	
Rate of compensation increase	2.50%	2.50%	
Weighted-average assumptions used to determine projected benefit obligations as of December 31:			
Weighted-average discount rate	4.50%	4.25%	
Rate of compensation increase	2.50%	2.50%	
9. The amount of accumulated benefit obligation for defined benefit pension plans was \$15,806,325 for the current year and \$14,487,216 for the prior year.			
10-11. Postretirement Benefits or Special or Contractual Benefits Per SSAP No. 11:			
Not applicable			
12. The following estimated future payments, which reflect expected future service, as appropriate, are expected to be paid in the years indicated:			
<u>Years</u>	<u>Amount</u>		
2016	\$ 480,144		
2017	523,284		
2018	576,905		
2019	639,039		
2020	696,316		
2021 through 2025	\$ 4,658,674		
13. The Company expects to contribute \$1,023,975 during 2016.			

## NOTES TO FINANCIAL STATEMENTS

B. Description of Investment Policies

The investment policy is de-risk investments as the funding ratio grows and exceeds 100%.

C. (1) Fair Value Measurements of Plan Assets at Reporting Date:

Description for each class of plan assets	(Level 1)	(Level 2)	(Level 3)	Total
Cash	\$ -	\$ 94,957	\$ -	\$ 94,957
Small Cap Equity	1,450,235	-	-	1,450,235
Large Cap Equity	2,976,453	-	-	2,976,453
International Equity	-	1,127,864	-	1,127,864
Fixed Income	-	5,748,364	-	5,748,364
Limited Partnerships	-	-	5,288	5,288
<b>Total Plan Assets</b>	<b>\$ 4,426,688</b>	<b>\$ 6,971,185</b>	<b>\$ 5,288</b>	<b>\$ 11,403,161</b>

(2) Fair Value Measurements in Level 3 of Fair Value Hierarchy:

Description for each class of plan assets	Beginning Balance at 1/1/2015	Transfers into Level 3	Transfers out of Level 3	Return on Assets Still Held	Return on Assets Sold	Purchases	Issuances	Sales	Settlements	Ending Balance at 12/31/2015
Ltd. Partnerships	\$ 5,471	\$ -	\$ -	\$ (97)	\$ -	\$ -	\$ -	\$ (86)	\$ -	\$ 5,288
Other	-	-	-	-	-	-	-	-	-	-
<b>Total Plan Assets</b>	<b>\$ 5,471</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (97)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (86)</b>	<b>\$ -</b>	<b>\$ 5,288</b>

D. Rate of Return Assumptions

The plan seeks to be diversified while trying to maximize investment return.

E. Defined Contribution Plan

The Association has a defined contribution 401(k) plan available to eligible employees after 6 months of employment. The Association contributed approximately \$666,000 and \$587,000 for fiscal years ending December 31, 2015 and 2014, respectively.

F. Multiemployer Plans

Not applicable

G. Consolidated/Holding Company Plans

Not applicable

H. Postemployment Benefits and Compensated Absences

The Association has no obligations to current or former employees for benefits after their employment but before their retirement other than for compensation related to earned personal time off. The liability for earned but untaken personal time off has been accrued.

I. Impact of Medicare Modernization Act on Postretirement Benefits

Not applicable

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

Not applicable

**Note 14 – Contingencies**

A. Capital Commitments

The Association has no commitments or contingent commitments to other entities.

B. Assessments

Not applicable

C. Gain Contingencies

Not applicable

## NOTES TO FINANCIAL STATEMENTS

D. Extra Contractual Obligation and Bad Faith Losses

None

E. Product Warranties

Not applicable

F. Joint and Several Liabilities

Not applicable

G. Other Contingencies

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

### **Note 15 – Leases**

A. Lessee Leasing Arrangements

1. The Association leases office space under a non-cancelable operating lease agreement that expires in 2022. Rental expense for the current year and the prior year was approximately \$1,386,000 and \$1,302,000, respectively.
2. Future minimum rental payments are as follows:

<u>Years</u>	<u>Amount</u>
2016	\$ 785,615
2017	956,727
2018	983,052
2019	1,009,377
2020	1,035,702
<u>Thereafter</u>	<u>2,150,381</u>
Total	\$ 6,920,854

3. The Association has not entered into any sale or leaseback arrangements.

B. Lessor Leasing Arrangements

Not applicable

### **Note 16 – Information about Financial Instruments with Off-Balance Sheet Risk**

Not applicable

### **Note 17 – Sales, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

Not applicable

### **Note 18 – Gain or Loss from Uninsured Plans and Uninsured Portion of Partially Insured Plans**

Not applicable

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

Not applicable

### **Note 20 – Fair Value Measurements**

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

Not applicable

B. Other Fair Value Disclosures

Not applicable



## NOTES TO FINANCIAL STATEMENTS

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

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

<u>Type or Class of Financial Instrument</u>	<u>Aggregate Fair Value</u>	<u>Admitted Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash, cash equivalents and short-term investments	\$1,006,708,438	\$991,616,741	\$1,006,708,438	\$ -	\$ -

### D. Items for which Not Practicable to Estimate Fair Values

Not applicable

### **Note 21 – Other Items**

#### A. Unusual or Infrequent Items

Not applicable

#### B. Troubled Debt Restructuring for Debtors

Not applicable

#### C. Other Disclosures

None

#### D. Business Interruption Insurance Recoveries

Not applicable

#### E. State Transferable and Non-transferable Tax Credits

Not applicable

#### F. Subprime Mortgage Related Risk Exposure

Not applicable

#### G. Insurance Linked Securities

The Association has ceded risks to a reinsurer during 2015 and 2014 who in-turn issued Catastrophe Bonds (“CAT Bonds”). Funds from the issuance of the CAT Bonds are held in trust. Certain events can bring rise to the Association to recover on ceded losses. In the case of an event, the maximum the Association will recover is \$1,100,000,000 as of December 31, 2015.

### **Note 22 – Events Subsequent**

The Association has filed the original Annual Statement for March 1, 2016. Subsequent to this filing, the Association has re-evaluated its prepaid assets for 2015. Based on this evaluation, prepaid assets were reduced \$545,712. As the Association’s surplus is expensed to the Statutory Fund Payable, net income was reduced accordingly with the Statutory Fund Payable increasing to \$92,712,956 from \$92,167,244. The Association has evaluated subsequent events occurring after December 31, 2015, the date of the most recent balance sheet, through March 22, 2016, the date the amended annual statement was issued. The Association does not believe any subsequent events have occurred that would require further disclosure or adjustment to the statutory financial statements.

### **Note 23 - Reinsurance**

#### A. Unsecured Reinsurance Recoverables

The Association does not have an unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium with any individual reinsurers, authorized or unauthorized, that exceeds 3% of the Company’s policyholder surplus.

NAIC Code	Federal ID #	Name of Reinsurer	Amount
NONE			

## NOTES TO FINANCIAL STATEMENTS

### B. Reinsurance Recoverables in Dispute

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

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

### C. Reinsurance Assumed and Ceded

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

	Assumed		Ceded		Assumed Less Ceded	
	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
a. Affiliates						
b. All other						
c. Totals						
d. Direct Unearned Premium Reserve	\$246,828,925					

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

### D. Uncollectible Reinsurance

Not applicable

### E. Commutation of Ceded Reinsurance

Not applicable

### F. Retroactive Reinsurance

Not applicable

### G. Reinsurance Accounted for as a Deposit

Not applicable

### H. Run-off Agreements

Not applicable

### I. Certified Reinsurer Downgrades or Status Subject to Revocation

Not applicable

### J. Reinsurance Agreements Qualifying for Reinsurer Aggregation

Not applicable

### Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not applicable

## NOTES TO FINANCIAL STATEMENTS

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

	2015	2014
Balance as of January 1,	71,308,833	132,959,055
Less: Reinsurance Recoverable	-	-
Net Balance at January 1,	71,308,833	132,959,055
Incurred, net of reinsurance, related to:		
Current year	184,534,606	11,438,143
Prior years	(5,648,833)	(25,432,044)
Net Incurred	178,885,773	(13,993,901)
Paid, net of reinsurance, related to:		
Current year	(159,315,215)	(8,411,562)
Prior years	(15,826,648)	(39,244,760)
Net Paid Losses	(175,141,863)	(47,656,321)
Net Balance at December 31,	75,052,743	71,308,833
Plus: Reinsurance Recoverable	-	-
Balance at December 31,	75,052,743	71,308,833

Current year changes in estimates of the costs of prior year losses and loss adjustment expenses (LAE) affect the current year Statement of Income. Increases in those estimates increase current year expense and are referred to as unfavorable development or prior year reserve shortages. Decreases in those estimates decrease current year expense and are referred to as favorable development or prior year reserve redundancies. Current year losses and LAE reflected on the Statement of Income of \$178,885,773 are lower by \$5,648,833 due to favorable development of prior year estimates. The favorable development is related to a net decrease in the ultimate losses and LAE from 2008 storms. Increases or decreases of this nature occur as the result of claim settlements and receipt and evaluation of additional information regarding unpaid claims. Recent development trends are also taken into account in evaluating the overall adequacy of reserves. The Association feels that the loss and LAE reserves as of December 31, 2015 make a reasonable provision for Texas Windstorm Insurance Association's claim liabilities.

### **Note 26 – Intercompany Pooling Arrangements**

Not applicable

### **Note 27 – Structured Settlements**

Not applicable

### **Note 28 – Health Care Receivables**

Not applicable

### **Note 29 – Participating Policies**

Not applicable

### **Note 30 – Premium Deficiency Reserves**

The Association did not record a premium deficiency reserve for 2015.

### **Note 31 – High Deductibles**

Not applicable

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

Not applicable

### **Note 33 – Asbestos and Environmental Reserves**

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

### **Note 34 – Subscriber Savings Accounts**

Not applicable

## NOTES TO FINANCIAL STATEMENTS

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### **Note 35 – Multiple Peril Crop Insurance**

Not applicable

### **Note 36 – Financial Guaranty Insurance**

A. and B. Not applicable

# GENERAL INTERROGATORIES

## PART 1 – COMMON INTERROGATORIES

### GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [ ] No [ X ]
- If yes, complete Schedule Y, Parts 1, 1A and 2.
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [ ] No [ ] N/A [ X ]
- 1.3 State Regulating? \_\_\_\_\_
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [ X ]
- 2.2 If yes, date of change: \_\_\_\_\_
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. \_\_\_\_\_ 12/31/2012
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. \_\_\_\_\_ 12/31/2012
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). \_\_\_\_\_ 10/24/2014
- 3.4 By what department or departments?  
 Texas Department of Insurance  
 .....  
 .....  
 .....
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [ X ] No [ ] N/A [ ]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [ X ] No [ ] N/A [ ]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [ ] No [ X ]
- 4.12 renewals? Yes [ ] No [ X ]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [ ] No [ X ]
- 4.22 renewals? Yes [ ] No [ X ]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [ X ]
- 5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

## GENERAL INTERROGATORIES

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

6.2 If yes, give full information:

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

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [ ] No [ X ]

7.2 If yes,

- 7.21 State the percentage of foreign control. \_\_\_\_\_ %
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity
.....	.....
.....	.....

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

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

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

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

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
 Calhoun Thomson and Matza, LLP, 9500 Arboretum Blvd, Ste 120, Austin, TX 78759

.....  
 .....

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [ ] No [ X ]

10.2 If response to 10.1 is yes, provide information related to this exemption:

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

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes [ ] No [ X ]

10.4 If response to 10.3 is yes, provide information related to this exemption:

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

## GENERAL INTERROGATORIES

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes  No  N/A

10.6 If the response to 10.5 is no or n/a, please explain.

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

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

James Colin Murphy, FCAS, MAA, 5700 S MoPac Expy, Austin, TX 78749, In-house Actuary

.....  
 .....

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes  No

12.11 Name of real estate holding company

\_\_\_\_\_

12.12 Number of parcels involved

\_\_\_\_\_

12.13 Total book/adjusted carrying value

\$ \_\_\_\_\_

12.2 If yes, provide explanation:

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

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

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

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes  No

13.3 Have there been any changes made to any of the trust indentures during the year?

Yes  No

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?

Yes  No  N/A

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

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

Yes  No

14.11 If the response to 14.1 is no, please explain:

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

14.2 Has the code of ethics for senior managers been amended?

Yes  No

14.21 If the response to 14.2 is yes, provide information related to amendment(s).

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

## GENERAL INTERROGATORIES

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

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

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

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [ ] No [X]

15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
.....	.....	.....	.....
.....	.....	.....	.....

## BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes [X] No [ ]

17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [X] No [ ]

18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No [ ]

## FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [X]

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11 To directors or other officers	\$ _____
20.12 To stockholders not officers	\$ _____
20.13 Trustees, supreme or grand (Fraternal only)	\$ _____

20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21 To directors or other officers	\$ _____
20.22 To stockholders not officers	\$ _____
20.23 Trustees, supreme or grand (Fraternal only)	\$ _____

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [X]

21.2 If yes, state the amount thereof at December 31 of the current year:

21.21 Rented from others	\$ _____
21.22 Borrowed from others	\$ _____
21.23 Leased from others	\$ _____
21.24 Other	\$ _____

22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [ ] No [X]



## GENERAL INTERROGATORIES

22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment	\$ _____
22.22 Amount paid as expenses	\$ _____
22.23 Other amounts paid	\$ _____

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

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ \_\_\_\_\_ 1,054,611

## INVESTMENT

24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes  No

24.02 If no, give full and complete information, relating thereto:  
 Texas Windstorm Insurance Association does not hold any stocks, bonds or any other securities. Texas Windstorm Insurance Association only holds cash in banks and certificates of deposit.

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)  
 Texas Windstorm Insurance Association has no security lending programs.

24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes  No  N/A

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ \_\_\_\_\_

24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$ \_\_\_\_\_

24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes  No  N/A

24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes  No  N/A

24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes  No  N/A

24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$ \_\_\_\_\_

24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$ \_\_\_\_\_

24.103 Total payable for securities lending reported on the liability page \$ \_\_\_\_\_

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes  No

## GENERAL INTERROGATORIES

25.2 If yes, state the amount thereof at December 31 of the current year:

	25.21 Subject to repurchase agreements	\$ _____
	25.22 Subject to reverse repurchase agreements	\$ 519,341,179
	25.23 Subject to dollar repurchase agreements	\$ _____
	25.24 Subject to reverse dollar repurchase agreements	\$ _____
	25.25 Placed under option agreements	\$ _____
	25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	\$ _____
	25.27 FHLB Capital Stock	\$ _____
	25.28 On deposit with states	\$ _____
	25.29 On deposit with other regulatory bodies	\$ _____
	25.30 Pledged as collateral - excluding collateral pledged to an FHLB	\$ _____
	25.31 Pledged as collateral to FHLB - including assets backing funding agreements	\$ _____
	25.32 Other	\$ _____

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....	.....	.....
.....	.....	.....

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [ ] No [ X ]

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

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [ ] No [ X ]

27.2 If yes, state the amount thereof at December 31 of the current year. \$ \_\_\_\_\_

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

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

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

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

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

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [ ] No [ X ]

## GENERAL INTERROGATORIES

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

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

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

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

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D – Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?

Yes [ ] No [X]

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
.....	.....	.....
.....	.....	.....
29.2999 TOTAL		

29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
.....	.....	.....	.....
.....	.....	.....	.....

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	.....	.....	.....
30.2 Preferred stocks	.....	.....	.....
30.3 Totals	.....	.....	.....

30.4 Describe the sources or methods utilized in determining the fair values:

Texas Windstorm Insurance Association does not have short-term bonds, long-term bonds or preferred stocks.  
 .....  
 .....  
 .....

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

Yes [ ] No [X]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?

Yes [ ] No [X]

## GENERAL INTERROGATORIES

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

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

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

Yes [ ] No [X]

32.2 If no, list exceptions:

Texas Windstorm Insurance Association did not file with the SVO.

.....  
 .....

### OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or Rating Bureaus, if any?

\$ 188,249

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Insurance Services Office .....	\$ ..... 134,991
Texas Insurance Checking Office .....	\$ ..... 53,258
	\$ .....

34.1 Amount of payments for legal expenses, if any?

\$ 1,392,400

34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$ .....
.....	\$ .....
.....	\$ .....

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?

\$ 24,604

35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
DuBois, Bryant&Campbell, LLP .....	\$ ..... 23,044
.....	\$ .....
.....	\$ .....

# GENERAL INTERROGATORIES

## PART 2 – PROPERTY & CASUALTY INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [ ] No [X]  
 1.2 If yes, indicate premium earned on U.S. business only. \$ \_\_\_\_\_  
 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ \_\_\_\_\_  
 1.31 Reason for excluding \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$ \_\_\_\_\_  
 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ \_\_\_\_\_

1.6 Individual policies:  
 Most current three years:  
 1.61 Total premium earned \$ \_\_\_\_\_  
 1.62 Total incurred claims \$ \_\_\_\_\_  
 1.63 Number of covered lives \_\_\_\_\_  
 All years prior to most current three years:  
 1.64 Total premium earned \$ \_\_\_\_\_  
 1.65 Total incurred claims \$ \_\_\_\_\_  
 1.66 Number of covered lives \_\_\_\_\_

1.7 Group policies:  
 Most current three years:  
 1.71 Total premium earned \$ \_\_\_\_\_  
 1.72 Total incurred claims \$ \_\_\_\_\_  
 1.73 Number of covered lives \_\_\_\_\_  
 All years prior to most current three years:  
 1.74 Total premium earned \$ \_\_\_\_\_  
 1.75 Total incurred claims \$ \_\_\_\_\_  
 1.76 Number of covered lives \_\_\_\_\_

2. Health Test:

	1	2
	Current Year	Prior Year
2.1 Premium Numerator	\$ _____	\$ _____
2.2 Premium Denominator	\$ 377,594,384	\$ _____
2.3 Premium Ratio (2.1 / 2.2)	_____	_____
2.4 Reserve Numerator	\$ _____	\$ _____
2.5 Reserve Denominator	\$ 321,881,667	\$ _____
2.6 Reserve Ratio (2.4 / 2.5)	_____	_____

3.1 Does the reporting entity issue both participating and non-participating policies? Yes [ ] No [X]  
 3.2 If yes, state the amount of calendar year premiums written on:  
 3.21 Participating policies \$ \_\_\_\_\_  
 3.22 Non-participating policies \$ \_\_\_\_\_

4. For Mutual reporting entities and Reciprocal Exchanges only:  
 4.1 Does the reporting entity issue assessable policies? Yes [ ] No [X]  
 4.2 Does the reporting entity issue non-assessable policies? Yes [ ] No [X]  
 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? \_\_\_\_\_ %  
 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$ \_\_\_\_\_

5. For Reciprocal Exchanges Only:  
 5.1 Does the exchange appoint local agents? Yes [ ] No [X]  
 5.2 If yes, is the commission paid:  
 5.21 Out of Attorney's-in-fact compensation Yes [ ] No [ ] N/A [X]  
 5.22 As a direct expense of the exchange Yes [ ] No [ ] N/A [X]

5.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes [ ] No [X]

5.5 If yes, give full information  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit loss:  
 Texas Windstorm Insurance Association does not write workers compensation insurance policies.  
 \_\_\_\_\_  
 \_\_\_\_\_

## GENERAL INTERROGATORIES

### PART 2 – PROPERTY & CASUALTY INTERROGATORIES

- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:  
 Texas Windstorm Insurance Association estimates its probable maximum loss using AIR Touchstone and RMS RiskLink software models to model the risk of hurricanes. The PML comprises residential and commercial property exposures which are most concentrated in and around the Galveston and Corpus Christi areas.
- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?  
 Texas Windstorm Insurance Association has reinsured \$4.88 billion in excess of \$2.6 billion under catastrophe reinsurance agreements. Futher, Texas Windstorm Insurance Association has the ability to sell post event bonds, and the use of the Catastophe Reserve Trust Fund.
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [ ] No [X]
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss  
 Funding for Texas Windstorm Insurance Association is specified by Chapter 2210, Texas Insurance Code.
- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [ ] No [X]
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions. \_\_\_\_\_
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [ ] No [ ]
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [ ] No [X]
- 8.2 If yes, give full information
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:  
 (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;  
 (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;  
 (c) Aggregate stop loss reinsurance coverage;  
 (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;  
 (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or  
 (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes [X] No [ ]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:  
 (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or  
 (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [X] No [ ]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:  
 (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;  
 (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and  
 (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:  
 (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or  
 (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [ ] No [X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:  
 (a) The entity does not utilize reinsurance; or, Yes [ ] No [X]  
 (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [ ] No [X]  
 (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [ ] No [X]

## GENERAL INTERROGATORIES

### PART 2 – PROPERTY & CASUALTY INTERROGATORIES

10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [ ] No [ ] N/A [X]
- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force: Yes [ ] No [X]
- 11.2 If yes, give full information  
 .....  
 .....
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
- |   |          |
|---|----------|
| 12.11 Unpaid losses   | \$ _____ |
| 12.12 Unpaid underwriting expenses (including loss adjustment expenses) | \$ _____ |
- 12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds? \$ \_\_\_\_\_
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [ ] No [ ] N/A [X]
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- |            |         |
|------------|---------|
| 12.41 From | _____ % |
| 12.42 To   | _____ % |
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [ ] No [X]
- 12.6 If yes, state the amount thereof at December 31 of current year:
- |                                  |          |
|----------------------------------|----------|
| 12.61 Letters of Credit          | \$ _____ |
| 12.62 Collateral and other funds | \$ _____ |
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ 4,424,000
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [ ] No [X]
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. \_\_\_\_\_
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes [ ] No [X]
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:  
 .....  
 .....
- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [ ] No [ ]
- 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes [ ] No [ ]
- 14.5 If the answer to 14.4 is no, please explain:  
 .....  
 .....
- 15.1 Has the reporting entity guaranteed any financed premium accounts? Yes [ ] No [X]
- 15.2 If yes, give full information  
 .....  
 .....
- 16.1 Does the reporting entity write any warranty business? Yes [ ] No [X]  
 If yes, disclose the following information for each of the following types of warranty coverage:
- |                  |    | 1<br>Direct Losses<br>Incurred | 2<br>Direct Losses<br>Unpaid | 3<br>Direct Written<br>Premium | 4<br>Direct Premium<br>Unearned | 5<br>Direct Premium<br>Earned |
|------------------|----|--------------------------------|------------------------------|--------------------------------|---------------------------------|-------------------------------|
| 16.11 Home       | \$ | _____                          | \$                           | _____                          | \$                              | _____                         |
| 16.12 Products   | \$ | _____                          | \$                           | _____                          | \$                              | _____                         |
| 16.13 Automobile | \$ | _____                          | \$                           | _____                          | \$                              | _____                         |
| 16.14 Other*     | \$ | _____                          | \$                           | _____                          | \$                              | _____                         |

\* Disclose type of coverage: \_\_\_\_\_

## GENERAL INTERROGATORIES

### PART 2 – PROPERTY & CASUALTY INTERROGATORIES

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F – Part 3 that it excludes from Schedule F – Part 5. Yes [ ] No [X]

Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F – Part 5. Provide the following information for this exemption:

17.11 Gross amount of unauthorized reinsurance in Schedule F – Part 3 excluded from Schedule F – Part 5	\$ _____
17.12 Unfunded portion of Interrogatory 17.11	\$ _____
17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11	\$ _____
17.14 Case reserves portion of Interrogatory 17.11	\$ _____
17.15 Incurred but not reported portion of Interrogatory 17.11	\$ _____
17.16 Unearned premium portion of Interrogatory 17.11	\$ _____
17.17 Contingent commission portion of Interrogatory 17.11	\$ _____

Provide the following information for all other amounts included in Schedule F – Part 3 and excluded from Schedule F – Part 5, not included above.

17.18 Gross amount of unauthorized reinsurance in Schedule F – Part 3 excluded from Schedule F – Part 5	\$ _____
17.19 Unfunded portion of Interrogatory 17.18	\$ _____
17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18	\$ _____
17.21 Case reserves portion of Interrogatory 17.18	\$ _____
17.22 Incurred but not reported portion of Interrogatory 17.18	\$ _____
17.23 Unearned premium portion of Interrogatory 17.18	\$ _____
17.24 Contingent commission portion of Interrogatory 17.18	\$ _____

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

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

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

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



## FIVE – YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e., 17.6.

	1	2	3	4	5
	2015	2014	2013	2012	2011
<b>Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 &amp; 3)</b>					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	503,824,316	494,036,010	472,739,474	443,479,701	403,748,164
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
6. Total (Line 35)	503,824,316	494,036,010	472,739,474	443,479,701	403,748,164
<b>Net Premiums Written (Page 8, Part 1B, Col. 6)</b>					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	379,696,858	377,542,539	356,408,862	334,994,830	295,373,442
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
12. Total (Line 35)	379,696,858	377,542,539	356,408,862	334,994,830	295,373,442
<b>Statement of Income (Page 4)</b>					
13. Net underwriting gain (loss) (Line 8)	(8,977,110)	9,640,759	167,800,698	(174,333,957)	16,990,313
14. Net investment gain (loss) (Line 11)	(37,754,478)	(15,841,220)	929,082	(5,597,480)	290,865
15. Total other income (Line 15)	3,888	7,986,533	2,177,068	(159,547)	172,848
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)	(7,828,675)	6,938,511			24,922
18. Net income (Line 20)	(38,899,025)	(5,152,439)	170,906,848	(180,090,984)	17,429,104
<b>Balance Sheet Lines (Pages 2 and 3)</b>					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	993,093,861	1,146,483,407	440,231,488	428,636,416	491,443,637
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	228,148	209,735	296,311	115,245	449,268
20.2 Deferred and not yet due (Line 15.2)					
20.3 Accrued retrospective premiums (Line 15.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 26)	993,093,862	1,146,483,407	440,231,488	611,615,459	491,443,637
22. Losses (Page 3, Line 1)	61,066,377	58,756,130	111,636,395	323,135,763	204,929,166
23. Loss adjustment expenses (Page 3, Line 3)	13,986,366	12,552,703	21,322,660	55,581,086	43,407,136
24. Unearned premiums (Page 3, Line 9)	246,828,924	244,726,450	234,739,308	173,460,751	159,588,154
25. Capital paid up (Page 3, Lines 30 & 31)					
26. Surplus as regards policyholders (Page 3, Line 37)				(182,979,043)	
<b>Cash Flow (Page 5)</b>					
27. Net cash from operations (Line 11)	(149,463,336)	193,519,723	9,322,514	(37,623,004)	(24,811,892)
<b>Risk-Based Capital Analysis</b>					
28. Total adjusted capital				(182,979,043)	
29. Authorized control level risk-based capital	40,423,373	37,472,798	33,218,619	43,972,938	34,052,333
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b> (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1)					
31. Stocks (Lines 2.1 & 2.2)					
32. Mortgage loans on real estate (Lines 3.1 and 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	100.0	100.0	100.0	100.0	100.0
35. Contract loans (Line 6)					
36. Derivatives (Line 7)					
37. Other invested assets (Line 8)					
38. Receivables for securities (Line 9)					
39. Securities lending reinvested collateral assets (Line 10)					
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)					
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated					
48. Total of above Lines 42 to 47					
49. Total investment in parent included in Lines 42 to 47 above					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)					

## FIVE – YEAR HISTORICAL DATA (Continued)

	1	2	3	4	5
	2015	2014	2013	2012	2011
<b>Capital and Surplus Accounts (Page 4)</b>					
51. Net unrealized capital gains (losses) (Line 24)					
52. Dividends to stockholders (Line 35)					
53. Change in surplus as regards policyholders for the year (Line 38)			182,979,043	(182,979,043)	
<b>Gross Losses Paid (Page 9, Part 2, Cols. 1 &amp; 2)</b>					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	134,184,261	27,054,064	247,827,353	243,137,884	375,440,195
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
59. Total (Line 35)	134,184,261	27,054,064	247,827,353	243,137,884	375,440,195
<b>Net Losses Paid (Page 9, Part 2, Col. 4)</b>					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	134,184,261	27,054,064	223,968,263	243,137,884	170,592,978
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
65. Total (Line 35)	134,184,261	27,054,064	223,968,263	243,137,884	170,592,978
<b>Operating Percentages (Page 4)</b> (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2)	36.1	(7.0)	4.2	112.5	55.1
68. Loss expenses incurred (Line 3)	11.2	3.2	(2.9)	12.6	7.9
69. Other underwriting expenses incurred (Line 4)	30.4	29.7	34.1	29.1	25.4
70. Net underwriting gain (loss) (Line 8)	(2.4)	2.6	56.9	(54.3)	5.3
<b>Other Percentages</b>					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	54.7	96.4	34.0	28.0	34.6
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	47.4	(3.8)	1.3	125.1	62.9
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)				(183.1)	
<b>One Year Loss Development (000 omitted)</b>					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	(9,494)	(30,400)	(92,679)	307,372	102,737
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100.0)			50.6		
<b>Two Year Loss Development (000 omitted)</b>					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12)	(40,985)	(121,166)	207,541	407,936	324,797
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0)					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?  
If no, please explain:

Yes [ ] No [ ]

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



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**EXHIBIT OF PREMIUMS AND LOSSES (Statutory Page 14)**

BUSINESS IN THE STATE OF TEXAS DURING THE YEAR 2015

NAIC Group Code 4766

NAIC Company Code 30040

	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies not Taken		3	4	5	6	7	8	9	10	11	12
	1 Direct Premiums Written	2 Direct Premiums Earned	Dividends Paid or Credited to Policyholders on Direct Business	Direct Unearned Premium Reserves	Direct Losses Paid (deducting salvage)	Direct Losses Incurred	Direct Losses Unpaid	Direct Defense and Cost Containment Expense Paid	Direct Defense and Cost Containment Expense Incurred	Direct Defense and Cost Containment Expense Unpaid	Commissions and Brokerage Expenses	Taxes, Licenses and Fees
1. Fire												
2.1 Allied Lines	503,824,316	501,721,842		246,828,924	134,184,261	136,494,508	61,066,377	3,634,467	(776,030)	4,742,990	80,599,761	9,828,083
2.2 Multiple Peril Crop												
2.3 Federal Flood												
2.4 Private Crop												
3. Farmowners Multiple Peril												
4. Homeowners Multiple Peril												
5.1 Commercial Multiple Peril (Non-Liability Portion)												
5.2 Commercial Multiple Peril (Liability Portion)												
6. Mortgage Guaranty												
8. Ocean Marine												
9. Inland Marine												
10. Financial Guaranty												
11. Medical Professional Liability												
12. Earthquake												
13. Group Accident and Health (b)												
14. Credit A & H (Group and Individual)												
15.1 Collectively Renewable A & H (b)												
15.2 Non-Cancelable A & H (b)												
15.3 Guaranteed Renewable A & H (b)												
15.4 Non-Renewable for Stated Reasons Only (b)												
15.5 Other Accident Only												
15.6 Medicare Title XVIII Exempt from State Taxes or Fees												
15.7 All Other A & H (b)												
15.8 Federal Employees Health Benefits Plan Premium (b)												
16. Workers' Compensation												
17.1 Other Liability - Occurrence												
17.2 Other Liability - Claims-Made												
17.3 Excess Workers' Compensation												
18. Products Liability												
19.1 Private Passenger Auto No-Fault (Personal Injury Protection)												
19.2 Other Private Passenger Auto Liability												
19.3 Commercial Auto No-Fault (Personal Injury Protection)												
19.4 Other Commercial Auto Liability												
21.1 Private Passenger Auto Physical Damage												
21.2 Commercial Auto Physical Damage												
22. Aircraft (all perils)												
23. Fidelity												
24. Surety												
26. Burglary and Theft												
27. Boiler and Machinery												
28. Credit												
30. Warranty												
34. Aggregate Write-Ins for Other Lines of Business												
35. TOTALS (a)	503,824,316	501,721,842		246,828,924	134,184,261	136,494,508	61,066,377	3,634,467	(776,030)	4,742,990	80,599,761	9,828,083

19 TX

DETAILS OF WRITE-INS												
3401.												
3402.												
3403.												
3498. Summary of remaining write-ins for Line 34 from overflow page												
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)												

**NONE**

(a) Finance and service charges not included in Lines 1 to 35 \$ 0  
 (b) For health business on indicated lines report: Number of persons insured under PPO managed care products 0 and number of persons insured under indemnity only products 0.



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**EXHIBIT OF PREMIUMS AND LOSSES (Statutory Page 14)**

NAIC Group Code 4766

BUSINESS IN THE STATE OF TOTAL DURING THE YEAR 2015

NAIC Company Code 30040

	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies not Taken		3	4	5	6	7	8	9	10	11	12
	1 Direct Premiums Written	2 Direct Premiums Earned	Dividends Paid or Credited to Policyholders on Direct Business	Direct Unearned Premium Reserves	Direct Losses Paid (deducting salvage)	Direct Losses Incurred	Direct Losses Unpaid	Direct Defense and Cost Containment Expense Paid	Direct Defense and Cost Containment Expense Incurred	Direct Defense and Cost Containment Expense Unpaid	Commissions and Brokerage Expenses	Taxes, Licenses and Fees
1. Fire												
2.1 Allied lines	503,824,316	501,721,842		246,828,924	134,184,261	136,494,508	61,066,377	3,634,467	(776,030)	4,742,990	80,599,761	9,828,083
2.2 Multiple Peril Crop												
2.3 Federal Flood												
2.4 Private Crop												
3. Farmowners Multiple Peril												
4. Homeowners Multiple Peril												
5.1 Commercial Multiple Peril (Non-Liability Portion)												
5.2 Commercial Multiple Peril (Liability Portion)												
6. Mortgage Guaranty												
8. Ocean Marine												
9. Inland Marine												
10. Financial Guaranty												
11. Medical Professional Liability												
12. Earthquake												
13. Group Accident and Health (b)												
14. Credit A & H (Group and Individual)												
15.1 Collectively Renewable A & H (b)												
15.2 Non-Cancelable A & H (b)												
15.3 Guaranteed Renewable A & H (b)												
15.4 Non-Renewable for Stated Reasons Only (b)												
15.5 Other Accident Only												
15.6 Medicare Title XVIII Exempt from State Taxes or Fees												
15.7 All Other A & H (b)												
15.8 Federal Employees Health Benefits Plan Premium (b)												
16. Workers' Compensation												
17.1 Other Liability - Occurrence												
17.2 Other Liability - Claims-Made												
17.3 Excess Workers' Compensation												
18. Products Liability												
19.1 Private Passenger Auto No-Fault (Personal Injury Protection)												
19.2 Other Private Passenger Auto Liability												
19.3 Commercial Auto No-Fault (Personal Injury Protection)												
19.4 Other Commercial Auto Liability												
21.1 Private Passenger Auto Physical Damage												
21.2 Commercial Auto Physical Damage												
22. Aircraft (all perils)												
23. Fidelity												
24. Surety												
26. Burglary and Theft												
27. Boiler and Machinery												
28. Credit												
30. Warranty												
34. Aggregate Write-Ins for Other Lines of Business												
35. TOTALS (a)	503,824,316	501,721,842		246,828,924	134,184,261	136,494,508	61,066,377	3,634,467	(776,030)	4,742,990	80,599,761	9,828,083
<b>DETAILS OF WRITE-INS</b>												
3401.												
3402.												
3403.												
3498. Summary of remaining write-ins for Line 34 from overflow page												
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)												

**NONE**

(a) Finance and service charges not included in Lines 1 to 35 \$ 0  
 (b) For health business on indicated lines report: Number of persons insured under PPO managed care products 0 and number of persons insured under indemnity only products 0.

19.GT

**NONE**    **Schedule F - Part 1 Assumed Reinsurance**

**NONE**    **Schedule F - Part 2 Premium Portfolio**

### SCHEDULE F – PART 3

Ceded Reinsurance as of December 31, Current Year (000 Omitted)

1 ID Number	2 NAIC Company Code	3 Name of Reinsurer	4 Domiciliary Jurisdiction	5 Reinsurance Contracts Ceding 75% or More of Direct Premiums Written	6 Reinsurance Premiums Ceded	Reinsurance Recoverable On										Reinsurance Payable		18 Net Amount Recoverable From Reinsurers Cols. 15 – [16 + 17]	19 Funds Held by Company Under Reinsurance Treaties	
						7 Paid Losses	8 Paid LAE	9 Known Case Loss Reserves	10 Known Case LAE Reserves	11 IBNR Loss Reserves	12 IBNR LAE Reserves	13 Unearned Premiums	14 Contingent Commissions	15 Cols. 7 through 14 Totals	16 Ceded Balances Payable	17 Other Amounts Due to Reinsurers				
22-2005057	26921	Everest Reinsurance Company	DE		5,970											1,231		(1,231)		
47-0698507	23680	Odyssey Reinsurance Company	CT		1,803											365		(365)		
23-1641984	10219	QBE Reinsurance Corporation	PA		300											61		(61)		
13-1675535	25364	Swiss Reinsurance America Corporation	NY		517											104		(104)		
13-5616275	19453	Transatlantic Reinsurance Company	NY		613											124		(124)		
0999998	Total Authorized - Other U.S. Unaffiliated Insurers (Under \$100,000)																			
0999999	Total Authorized - Other U.S. Unaffiliated Insurers					9,203											1,885		(1,885)	
AA-3194139	0	Axis Specialty Ltd	BMU		2,584											522		(522)		
AA-3194122	0	DaVinci Reinsurance Ltd	BMU		3,245											656		(656)		
AA-1340125	0	Hannover Rueck SE	DEU		61,428											13,339		(13,339)		
AA-1126566	0	Lloyd's Underwriter Syndicate No. 0056	GBR		240											49		(49)		
AA-1126623	0	Lloyd's Underwriter Syndicate No. 0623	GBR		22											4		(4)		
AA-1126958	0	Lloyd's Underwriter Syndicate No. 0958	GBR		132											27		(27)		
AA-1127084	0	Lloyd's Underwriter Syndicate No. 1084	GBR		264											53		(53)		
AA-1127183	0	Lloyd's Underwriter Syndicate No. 1183	GBR		204											41		(41)		
AA-1120085	0	Lloyd's Underwriter Syndicate No. 1274	GBR		240											49		(49)		
AA-1127414	0	Lloyd's Underwriter Syndicate No. 1414	GBR		2,404											486		(486)		
AA-1120102	0	Lloyd's Underwriter Syndicate No. 1458	GBR		841											170		(170)		
AA-1120083	0	Lloyd's Underwriter Syndicate No. 1910	GBR		1,623											328		(328)		
AA-1120084	0	Lloyd's Underwriter Syndicate No. 1955	GBR		421											85		(85)		
AA-1128001	0	Lloyd's Underwriter Syndicate No. 2001	GBR		1,094											221		(221)		
AA-1128003	0	Lloyd's Underwriter Syndicate No. 2003	GBR		276											56		(56)		
AA-1120071	0	Lloyd's Underwriter Syndicate No. 2007	GBR		240											49		(49)		
AA-1128623	0	Lloyd's Underwriter Syndicate No. 2623	GBR		99											20		(20)		
AA-1128791	0	Lloyd's Underwriter Syndicate No. 2791	GBR		962											194		(194)		
AA-1120075	0	Lloyd's Underwriter Syndicate No. 4020	GBR		541											109		(109)		

22

NOTE: A. Report the five largest provisional commission rates included in the cedant's reinsurance treaties. The commission rate to be reported is by contract with ceded premium in excess of \$50,000:

	1 Name of Reinsurer	2 Commission Rate	3 Ceded Premium
1)	_____	_____	_____
2)	_____	_____	_____
3)	_____	_____	_____
4)	_____	_____	_____
5)	_____	_____	_____

B. Report the five largest reinsurance recoverables reported in Column 15, due from any one reinsurer (based on the total recoverables, Line 9999999, Column 15, the amount of ceded premium, and indicate whether the recoverables are due from an affiliated insurer).

	1 Name of Reinsurer	2 Total Recoverables	3 Ceded Premiums	4 Affiliated
1)	_____	_____	_____	Yes [ ] No [ ]
2)	_____	_____	_____	Yes [ ] No [ ]
3)	_____	_____	_____	Yes [ ] No [ ]
4)	_____	_____	_____	Yes [ ] No [ ]
5)	_____	_____	_____	Yes [ ] No [ ]

### SCHEDULE F – PART 3

Ceded Reinsurance as of December 31, Current Year (000 Omitted)

1 ID Number	2 NAIC Company Code	3 Name of Reinsurer	4 Domiciliary Jurisdiction	5 Reinsurance Contracts Ceding 75% or More of Direct Premiums Written	6 Reinsurance Premiums Ceded	Reinsurance Recoverable On										Reinsurance Payable		18 Net Amount Recoverable From Reinsurers Cols. 15 – [16 + 17]	19 Funds Held by Company Under Reinsurance Treaties		
						7 Paid Losses	8 Paid LAE	9 Known Case Loss Reserves	10 Known Case LAE Reserves	11 IBNR Loss Reserves	12 IBNR LAE Reserves	13 Unearned Premiums	14 Contingent Commissions	15 Cols. 7 through 14 Totals	16 Ceded Balances Payable	17 Other Amounts Due to Reinsurers					
AA-1126004	0	Lloyd's Underwriter Syndicate No. 4444	GBR		529												107		(107)		
AA-3190686	0	Partner Reinsurance Company Ltd	BMU		1,502												304		(304)		
AA-3190339	0	Renaissance Reinsurance Ltd	BMU		4,808												972		(972)		
AA-3190870	0	Validus Reinsurance Ltd	BMU		2,596												525		(525)		
1299998	Total Authorized - Other Non-U.S. Insurers# (Under \$100,000)																				
1299999	Total Authorized - Other Non-U.S. Insurers#					86,295												18,366		(18,366)	
1399999	Total Authorized - Total Authorized					95,498												20,251		(20,251)	
AA-3190770	0	ACE Tempest Reinsurance Ltd	BMU		1,229												248		(248)		
AA-1464104	0	Allianz Risk Transfer AG	CHE		10,026												2,027		(2,027)		
AA-3190005	0	American Intl Reins Co Ltd	BMU		1,322												267		(267)		
AA-1460019	0	Amiin AG	CHE		819												165		(165)		
AA-3194126	0	Arch Reinsurance Ltd	BMU		721												146		(146)		
AA-3194168	0	Aspen Bermuda Ltd	BMU		601												122		(122)		
AA-3194161	0	Catlin Insurance Company Ltd	BMU		300												61		(61)		
AA-9240012	0	China Prop & Cas Reins Co Ltd	CHN		180												36		(36)		
AA-1080029	0	Dom Re IC	GBR		980												198		(198)		
AA-3191190	0	Hamilton Re, Ltd	BMU		481												97		(97)		
AA-3190875	0	Hiscox Insurance Company Ltd	BMU		300												61		(61)		
AA-3190677	0	Horseshoe Re Ltd	BMU		811												164		(164)		
AA-3190347	0	Kane (SAC) Limited	BMU		546												110		(110)		
AA-8310006	0	Kelvin Re Ltd	GGY		300												61		(61)		
AA-5420050	0	Korean Reinsurance Company	KOR		180												36		(36)		
AA-3190829	0	Markel Bermuda Ltd	BMU		1,502												304		(304)		
AA-1460100	0	Nouvelle CIE De Reassur S A	CHE		60												12		(12)		
AA-5320039	0	Peak Reinsurance Company Ltd	HKG		144												29		(29)		
AA-3194224	0	Poseidon Re Ltd	BMU		4,726												955		(955)		

22.1

NOTE: A. Report the five largest provisional commission rates included in the cedant's reinsurance treaties. The commission rate to be reported is by contract with ceded premium in excess of \$50,000:

1	2	3
Name of Reinsurer	Commission Rate	Ceded Premium
1) _____	_____	_____
2) _____	_____	_____
3) _____	_____	_____
4) _____	_____	_____
5) _____	_____	_____

B. Report the five largest reinsurance recoverables reported in Column 15, due from any one reinsurer (based on the total recoverables, Line 9999999, Column 15, the amount of ceded premium, and indicate whether the recoverables are due from an affiliated insurer).

1	2	3	4
Name of Reinsurer	Total Recoverables	Ceded Premiums	Affiliated
1) _____	_____	_____	Yes [ ] No [ ]
2) _____	_____	_____	Yes [ ] No [ ]
3) _____	_____	_____	Yes [ ] No [ ]
4) _____	_____	_____	Yes [ ] No [ ]
5) _____	_____	_____	Yes [ ] No [ ]

### SCHEDULE F – PART 3

Ceded Reinsurance as of December 31, Current Year (000 Omitted)

1 ID Number	2 NAIC Company Code	3 Name of Reinsurer	4 Domiciliary Jurisdiction	5 Reinsurance Contracts Ceding 75% or More of Direct Premiums Written	6 Reinsurance Premiums Ceded	Reinsurance Recoverable On										Reinsurance Payable		18 Net Amount Recoverable From Reinsurers Cols. 15 – [16 + 17]	19 Funds Held by Company Under Reinsurance Treaties
						7 Paid Losses	8 Paid LAE	9 Known Case Loss Reserves	10 Known Case LAE Reserves	11 IBNR Loss Reserves	12 IBNR LAE Reserves	13 Unearned Premiums	14 Contingent Commissions	15 Cols. 7 through 14 Totals	16 Ceded Balances Payable	17 Other Amounts Due to Reinsurers			
AA-4530001	0	Qatar Reinsurance Company LLC	QAT		240											49		(49)	
AA-1120145	0	QBE Reins (UK) Ltd	GBR		721											146		(146)	
AA-5324100	0	Taiping Reins Co Ltd	HKG		156											32		(32)	
AA-1460023	0	Tokio Millennium Re AG	CHE		1,683											340		(340)	
AA-3190757	0	XL Re Ltd	BMU		601											122		(122)	
2599998	Total Unauthorized - Other non-U.S. Insurers# (under \$100,000)																		
2599999	Total Unauthorized - Other non-U.S. Insurers#				28,629											5,788		(5,788)	
2699999	Total Unauthorized - Total Unauthorized				28,629											5,788		(5,788)	
4099999	Total Authorized, Unauthorized and Certified				124,127											26,039		(26,039)	
9999999	Totals				124,127											26,039		(26,039)	

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NOTE: A. Report the five largest provisional commission rates included in the cedant's reinsurance treaties. The commission rate to be reported is by contract with ceded premium in excess of \$50,000:

1 Name of Reinsurer	2 Commission Rate	3 Ceded Premium
1) _____	_____	_____
2) _____	_____	_____
3) _____	_____	_____
4) _____	_____	_____
5) _____	_____	_____

B. Report the five largest reinsurance recoverables reported in Column 15, due from any one reinsurer (based on-the total recoverables, Line 9999999, Column 15, the amount of ceded premium, and indicate whether the recoverables are due from an affiliated insurer).

1 Name of Reinsurer	2 Total Recoverables	3 Ceded Premiums	4 Affiliated
1) _____	_____	_____	Yes [ ] No [ ]
2) _____	_____	_____	Yes [ ] No [ ]
3) _____	_____	_____	Yes [ ] No [ ]
4) _____	_____	_____	Yes [ ] No [ ]
5) _____	_____	_____	Yes [ ] No [ ]



**NONE Schedule F - Part 4 Aging of Ceded Reinsurance**

### SCHEDULE F – PART 5

Provision for Unauthorized Reinsurance as of December 31, Current Year (000 Omitted)

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
ID Number	NAIC Company Code	Name of Reinsurer	Domiciliary Jurisdiction	Reinsurance Recoverable all Items Schedule F Part 3, Col. 15	Funds Held By Company Under Reinsurance Treaties	Letters of Credit	Issuing or Confirming Bank Reference Number (a)	Ceded Balances Payable	Miscellaneous Balances Payable	Trust Funds and Other Allowed Offset Items	Total Collateral and Offsets Allowed (Cols. 6 + 7 + 9 + 10 + 11 but not in Excess of Col. 5)	Provision for Unauthorized Reinsurance (Col. 5 minus Col. 12)	Recoverable Paid Losses & LAE Expenses Over 90 Days past Due not in Dispute	20 % of Amount in Col. 14	20% of Amount in Dispute Included in Column 5	Provision for Overdue Reinsurance (Col. 15 plus Col 16)	Total Provision for Reinsurance Ceded to Unauthorized Reinsurers (Col. 13 plus Col. 17 but not in Excess of Col. 5)
AA-3190770	0	ACE Tempest Reinsurance Ltd	BMU					248									
AA-1464104	0	Allianz Risk Transfer AG	CHE					2,027									
AA-3190005	0	American Intl Reins Co Ltd	BMU					267									
AA-1460019	0	Amlin AG	CHE					165									
AA-3194126	0	Arch Reinsurance Ltd	BMU					146									
AA-3194168	0	Aspen Bermuda Ltd	BMU					122									
AA-3194161	0	Catlin Insurance Company Ltd	BMU					61									
AA-9240012	0	China Prop & Cas Reins Co Ltd	CHN					36									
AA-1080029	0	Dom Re IC	GBR					198									
AA-3191190	0	Hamilton Re, Ltd	BMU					97									
AA-3190875	0	Hiscox Insurance Company Ltd	BMU					61									
AA-3190677	0	Horseshoe Re Ltd	BMU					164									
AA-3190347	0	Kane (SAC) Limited	BMU					110		7,000							
AA-8310006	0	Kelvin Re Ltd	GGY					61									
AA-5420050	0	Korean Reinsurance Company	KOR					36									
AA-3190829	0	Markel Bermuda Ltd	BMU					304									
AA-1460100	0	Nouvelle CIE De Reassur S A	CHE					12									
AA-5320039	0	Peak Reinsurance Company Ltd	HKG					29									
AA-3194224	0	Poseidon Re Ltd	BMU					955		84,049							
AA-4530001	0	Qatar Reinsurance Company LLC	QAT					49									
AA-1120145	0	QBE Reins (UK) Ltd	GBR					146									
AA-5324100	0	Taiping Reins Co Ltd	HKG					32									
AA-1460023	0	Tokio Millennium Re AG	CHE					340									
AA-3190757	0	XL Re Ltd	BMU					122									
1299999		Total Other Non-U.S. Insurers #					X X X	5,788		91,049							
1399999		Total Affiliates and Others					X X X	5,788		91,049							
9999999		Totals					X X X	5,788		91,049							

1. Amounts in dispute totaling \$ ..... 0 are included in Column 5.  
 2. Amounts in dispute totaling \$ ..... 0 are excluded from Column 14.

(a)

Issuing or Confirming Bank Reference Number	Letters of Credit Code	American Bankers Association (ABA) Routing Number	Issuing or Confirming Bank Name	Letters of Credit Amount
			<b>NONE</b>	

- NONE**    **Schedule F - Part 6 - Section 1**
- NONE**    **Schedule F - Part 6 - Section 2**
- NONE**    **Schedule F - Part 7**
- NONE**    **Schedule F - Part 8 Overdue Reinsurance**

## SCHEDULE F – PART 9

### Restatement of Balance Sheet to Identify Net Credit for Reinsurance

	1	2	3
	As Reported (Net of Ceded)	Restatement Adjustments	Restated (Gross of Ceded)
<b>ASSETS (Page 2, Col. 3)</b>			
1. Cash and invested assets (Line 12)	991,616,741		991,616,741
2. Premiums and considerations (Line 15)	228,148		228,148
3. Reinsurance recoverable on loss and loss adjustment expense payments (Line 16.1)			
4. Funds held by or deposited with reinsured companies (Line 16.2)			
5. Other assets	1,248,972		1,248,972
6. Net amount recoverable from reinsurers		(26,038,730)	(26,038,730)
7. Protected cell assets (Line 27)			
8. Totals (Line 28)	993,093,861	(26,038,730)	967,055,131
<b>LIABILITIES (Page 3)</b>			
9. Losses and loss adjustment expenses (Lines 1 through 3)	75,052,743		75,052,743
10. Taxes, expenses, and other obligations (Lines 4 through 8)	530,430,935		530,430,935
11. Unearned premiums (Line 9)	246,828,924		246,828,924
12. Advance premiums (Line 10)	7,326,578		7,326,578
13. Dividends declared and unpaid (Line 11.1 and 11.2)			
14. Ceded reinsurance premiums payable (net of ceding commissions) (Line 12)	26,038,730	(26,038,730)	
15. Funds held by company under reinsurance treaties (Line 13)			
16. Amounts withheld or retained by company for account of others (Line 14)			
17. Provision for reinsurance (Line 16)			
18. Other liabilities	107,415,951		107,415,951
19. Total liabilities excluding protected cell business (Line 26)	993,093,861	(26,038,730)	967,055,131
20. Protected cell liabilities (Line 27)			
21. Surplus as regards policyholders (Line 37)		X X X	
22. Totals (Line 38)	993,093,861	(26,038,730)	967,055,131

NOTE: Is the restatement of this exhibit the result of grossing up balances ceded to affiliates under 100 percent reinsurance or pooling arrangements?    Yes [ ]    No [ X ]

If yes, give full explanation:

.....

.....

.....

**NONE**    **Schedule H - Part 1**

**NONE**    **Schedule H - Part 2, 3 and 4**

**NONE**    **Schedule H - Part 5**

**SCHEDULE P – ANALYSIS OF LOSSES AND LOSS EXPENSES****SCHEDULE P – PART 1 – SUMMARY**

(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1–2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	X X X	X X X	X X X						13		13	X X X
2. 2006	149,188	63,721	85,467	4,276		860		250			5,386	X X X
3. 2007	264,890	129,047	135,843	15,745		2,489		2,452		21	20,686	X X X
4. 2008	321,937	460,497	(138,560)	2,560,582	1,322,865	92,838	50,495	244,779	123,640	2,691	1,401,199	X X X
5. 2009	357,906	(31,694)	389,600	10,381		223		1,990			12,594	X X X
6. 2010	383,424	31,694	351,730	18,249		323		3,944		14	22,516	X X X
7. 2011	385,000	63,219	321,781	95,693		623		14,273		48	110,589	X X X
8. 2012	429,594	108,472	321,122	65,428		618		14,538		69	80,584	X X X
9. 2013	456,630	161,499	295,131	70,770		697		12,879		72	84,346	X X X
10. 2014	484,049	116,493	367,556	6,837		475		5,644		5	12,956	X X X
11. 2015	501,722	124,128	377,594	127,230		698		31,388			159,316	X X X
12. Totals	X X X	X X X	X X X	2,975,191	1,322,865	99,844	50,495	332,150	123,640	2,920	1,910,185	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		Other Unpaid				
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	21 Direct and Assumed	22 Ceded			
1. Prior	31											31	X X X
2. 2006													X X X
3. 2007			1									1	X X X
4. 2008	3,019		32,324		1,578		2,833		3,123			42,877	X X X
5. 2009			3						1			4	X X X
6. 2010	7		11		1				24			43	X X X
7. 2011	90		480		3		3		232			808	X X X
8. 2012	679		617		9		5		453			1,763	X X X
9. 2013	229		1,861		4		14		602			2,710	X X X
10. 2014	786		231		16		2		563			1,598	X X X
11. 2015	5,678		15,019		111		164		4,246			25,218	X X X
12. Totals	10,519		50,547		1,722		3,021		9,244			75,053	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	31	
2. 2006	5,386		5,386	3.610		6.302					
3. 2007	20,687		20,687	7.810		15.229				1	
4. 2008	2,941,076	1,497,000	1,444,076	913.556	325.084	(1042.203)				35,343	7,534
5. 2009	12,598		12,598	3.520		3.234				3	1
6. 2010	22,559		22,559	5.884		6.414				18	25
7. 2011	111,397		111,397	28.934		34.619				570	238
8. 2012	82,347		82,347	19.169		25.644				1,296	467
9. 2013	87,056		87,056	19.065		29.497				2,090	620
10. 2014	14,554		14,554	3.007		3.960				1,017	581
11. 2015	184,534		184,534	36.780		48.871				20,697	4,521
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	61,066	13,987

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements, which will reconcile Part 1 with Parts 2 and 4.

### SCHEDULE P – PART 2 – SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT		
	1	2	3	4	5	6	7	8	9	10	11	12	
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	One Year	Two Year	
1. Prior	10,647	12,354	10,166	11,341	11,581	11,737	11,753	11,732	11,733	11,640	(93)	(92)	
2. 2006	5,175	5,507	5,373	5,137	5,231	5,144	5,136	5,136	5,136	5,136			
3. 2007	XXX	19,106	18,324	18,003	18,353	18,364	18,240	18,234	18,234	18,235	1	1	
4. 2008	XXX	XXX	981,079	825,578	1,046,901	1,147,063	1,452,204	1,351,790	1,326,477	1,319,814	(6,663)	(31,976)	
5. 2009	XXX	XXX	XXX	8,259	11,184	10,807	10,963	10,677	10,630	10,607	(23)	(70)	
6. 2010	XXX	XXX	XXX	XXX	15,605	18,477	18,495	18,844	18,696	18,591	(105)	(253)	
7. 2011	XXX	XXX	XXX	XXX	XXX	95,386	97,559	98,106	97,510	96,893	(617)	(1,213)	
8. 2012	XXX	XXX	XXX	XXX	XXX	XXX	63,238	70,390	68,006	67,357	(649)	(3,033)	
9. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	77,923	76,010	73,574	(2,436)	(4,349)	
10. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	7,255	8,346	1,091	XXX	
11. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	148,901	XXX	XXX	
											12. Totals	(9,494)	(40,985)

### SCHEDULE P – PART 3 – SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015		
1. Prior	000	7,355	8,677	11,023	11,545	11,609	11,609	11,609	11,609	11,609	XXX	XXX
2. 2006	4,057	5,082	5,100	5,098	5,101	5,136	5,136	5,136	5,136	5,136	XXX	XXX
3. 2007	XXX	13,953	16,327	17,250	18,034	18,043	18,214	18,234	18,234	18,234	XXX	XXX
4. 2008	XXX	XXX	738,299	802,184	832,985	929,040	1,116,080	1,251,903	1,274,072	1,280,060	XXX	XXX
5. 2009	XXX	XXX	XXX	4,838	8,876	9,772	10,342	10,558	10,581	10,605	XXX	XXX
6. 2010	XXX	XXX	XXX	XXX	10,706	14,827	16,987	18,413	18,437	18,572	XXX	XXX
7. 2011	XXX	XXX	XXX	XXX	XXX	77,392	88,433	95,197	95,726	96,316	XXX	XXX
8. 2012	XXX	XXX	XXX	XXX	XXX	XXX	47,906	63,347	65,653	66,047	XXX	XXX
9. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	67,645	71,138	71,467	XXX	XXX
10. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,880	7,312	XXX	XXX
11. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	127,928	XXX	XXX

### SCHEDULE P – PART 4 – SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)											
	1	2	3	4	5	6	7	8	9	10		
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015		
1. Prior	2,152	2,066	36									
2. 2006	180		7		47	8						
3. 2007	XXX	80	48	4	269	42	2					1
4. 2008	XXX	XXX	153,745	3,776	93,979	107,485	220,181	89,344	46,210	35,157		
5. 2009	XXX	XXX	XXX	457	199	35	127	77	24	3		
6. 2010	XXX	XXX	XXX	XXX	832	83	81	219	36	11		
7. 2011	XXX	XXX	XXX	XXX	XXX	4,424	2,912	1,826	917	483		
8. 2012	XXX	XXX	XXX	XXX	XXX	XXX	7,378	4,349	1,467	622		
9. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	8,794	4,270	1,875		
10. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,536	232		
11. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	15,183		



- NONE    Schedule P - Part 1A Homeowners/Farmowners**
- NONE    Schedule P - Part 1B Private Passenger**
- NONE    Schedule P - Part 1C Commercial Auto**
- NONE    Schedule P - Part 1D Workers Compensation**
- NONE    Schedule P - Part 1E Commercial Multiple Peril**
- NONE    Schedule P - Part 1F - Section 1 Med. Prof. Liab. Occurrence**
- NONE    Schedule P - Part 1F - Section 2 Med. Prof. Liab. Claims-Made**
- NONE    Schedule P - Part 1G Special Liability**
- NONE    Schedule P - Part 1H - Section 1 Other Liab. Occurrence**
- NONE    Schedule P - Part 1H - Section 2 Other Liab. Claims-Made**

**SCHEDULE P – PART 11 – SPECIAL PROPERTY (FIRE, ALLIED LINES,  
INLAND MARINE, EARTHQUAKE, BURGLARY AND THEFT)**

(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1-2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4	5	6	7	8	9			
				Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1. Prior	X X X	X X X	X X X	4,581		2,878		3,823			11,282	X X X
2. 2014	484,049	116,493	367,556	6,837		475		5,644		5	12,956	X X X
3. 2015	501,722	124,128	377,594	127,230		698		31,388			159,316	X X X
4. Totals	X X X	X X X	X X X	138,648		4,051		40,855		5	183,554	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13	14	15	16	17	18	19	20					
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded					
1. Prior	4,056		35,296		1,595		2,855		4,434			48,236	86
2. 2014	786		231		16		2		563			1,598	63
3. 2015	5,678		15,019		111		164		4,246			25,218	495
4. Totals	10,520		50,546		1,722		3,021		9,243			75,052	644

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	39,352	8,884
2. 2014	14,554		14,554	3.007		3.960				1,017	581
3. 2015	184,534		184,534	36.780		48.871				20,697	4,521
4. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	61,066	13,986

- NONE Schedule P - Part 1J Auto Physical Damage**
- NONE Schedule P - Part 1K Fidelity/Surety**
- NONE Schedule P - Part 1L Other**
- NONE Schedule P - Part 1M International**
- NONE Schedule P - Part 1N Nonproportional Assumed Prop.**
- NONE Schedule P - Part 1O Nonproportional Assumed Liab.**
- NONE Schedule P - Part 1P Nonproportional Assumed Fin. Lines**
- NONE Schedule P - Part 1R - Section 1 Prod. Liab. Occurence**
- NONE Schedule P - Part 1R - Section 2 Prod. Liab. Claims-Made**
- NONE Schedule P - Part 1S Financial Guaranty/Mortgage Guaranty**
- NONE Schedule P - Part 1T - Warranty**
- NONE Schedule P - Part 2A, 2B, 2C, 2D, 2E**
- NONE Schedule P - Part 2F - Sec. 1 and 2, 2G, 2H Sec. 1 and 2**

## SCHEDULE P – PART 2I – SPECIAL PROPERTY (FIRE, ALLIED LINES, INLAND MARINE, EARTHQUAKE, BURGLARY, AND THEFT)

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	One Year	Two Year
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	120,790	90,390	79,805	(10,585)	(40,985)
2. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	7,255	8,346	1,091	XXX
3. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	148,901	XXX	XXX
4. Totals											(9,494)	(40,985)

## SCHEDULE P – PART 2J – AUTO PHYSICAL DAMAGE

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	One Year	Two Year
1. Prior	XXX	XXX	XXX	XXX	XXX	<b>NONE</b>		XXX				
2. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX
3. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX
4. Totals												

## SCHEDULE P – PART 2K – FIDELITY, SURETY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	One Year	Two Year
1. Prior	XXX	XXX	XXX	XXX	XXX	<b>NONE</b>		XXX				
2. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX
3. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX
4. Totals												

## SCHEDULE P – PART 2L – OTHER (INCLUDING CREDIT, ACCIDENT AND HEALTH)

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	One Year	Two Year
1. Prior	XXX	XXX	XXX	XXX	XXX	<b>NONE</b>		XXX				
2. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX
3. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX
4. Totals												

## SCHEDULE P – PART 2M – INTERNATIONAL

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	One Year	Two Year
1. Prior												
2. 2006												
3. 2007	XXX											
4. 2008	XXX	XXX										
5. 2009	XXX	XXX	XXX									
6. 2010	XXX	XXX	XXX	XXX								
7. 2011	XXX	XXX	XXX	XXX	XXX							
8. 2012	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX
11. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX
12. Totals												

**NONE**    **Schedule P - Part 2N, 2O, 2P**

**NONE**    **Schedule P - Part 2R Sec. 1 and 2, 2S, 2T**

**NONE**    **Schedule P - Part 3A, 3B, 3C, 3D, 3E**

**NONE**    **Schedule P - Part 3F Sec. 1 and 2, 3G, 3H Sec. 1 and 2**

### SCHEDULE P – PART 3I – SPECIAL PROPERTY (FIRE, ALLIED LINES, INLAND MARINE, EARTHQUAKE, BURGLARY, AND THEFT)

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
	1 2006	2 2007	3 2008	4 2009	5 2010	6 2011	7 2012	8 2013	9 2014	10 2015		
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X	X X X	000	28,544	36,003	X X X	X X X
2. 2014	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	4,880	7,312	X X X	X X X
3. 2015	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	127,928	X X X	X X X

### SCHEDULE P – PART 3J – AUTO PHYSICAL DAMAGE

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
	1 2006	2 2007	3 2008	4 2009	5 2010	6 2011	7 2012	8 2013	9 2014	10 2015		
1. Prior	X X X	X X X	X X X	X X X	X X X	<b>NONE</b>		000				
2. 2014	X X X	X X X	X X X	X X X	X X X	<b>NONE</b>		X X X				
3. 2015	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X			

### SCHEDULE P – PART 3K – FIDELITY/SURETY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
	1 2006	2 2007	3 2008	4 2009	5 2010	6 2011	7 2012	8 2013	9 2014	10 2015		
1. Prior	X X X	X X X	X X X	X X X	X X X	<b>NONE</b>		000			X X X	X X X
2. 2014	X X X	X X X	X X X	X X X	X X X	<b>NONE</b>		X X X			X X X	X X X
3. 2015	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X		X X X	X X X

### SCHEDULE P – PART 3L – OTHER (INCLUDING CREDIT, ACCIDENT AND HEALTH)

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
	1 2006	2 2007	3 2008	4 2009	5 2010	6 2011	7 2012	8 2013	9 2014	10 2015		
1. Prior	X X X	X X X	X X X	X X X	X X X	<b>NONE</b>		000			X X X	X X X
2. 2014	X X X	X X X	X X X	X X X	X X X	<b>NONE</b>		X X X			X X X	X X X
3. 2015	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X		X X X	X X X

### SCHEDULE P – PART 3M – INTERNATIONAL

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
	1 2006	2 2007	3 2008	4 2009	5 2010	6 2011	7 2012	8 2013	9 2014	10 2015		
1. Prior	000										X X X	X X X
2. 2006											X X X	X X X
3. 2007	X X X										X X X	X X X
4. 2008	X X X	X X X									X X X	X X X
5. 2009	X X X	X X X	X X X								X X X	X X X
6. 2010	X X X	X X X	X X X	X X X							X X X	X X X
7. 2011	X X X	X X X	X X X	X X X	X X X						X X X	X X X
8. 2012	X X X	X X X	X X X	X X X	X X X	X X X					X X X	X X X
9. 2013	X X X	X X X	X X X	X X X	X X X	X X X	X X X				X X X	X X X
10. 2014	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X			X X X	X X X
11. 2015	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X		X X X	X X X

**NONE**    **Schedule P - Part 3N, 3O, 3P**

**NONE**    **Schedule P - Part 3R Sec. 1 and 2, 3S, 3T**

**NONE**    **Schedule P - Part 4A, 4B, 4C, 4D, 4E**

**NONE**    **Schedule P - Part 4F Sec. 1 and 2, 4G, 4H Sec. 1 and 2**

### SCHEDULE P – PART 4I – SPECIAL PROPERTY (FIRE, ALLIED LINES, INLAND MARINE, EARTHQUAKE, BURGLARY AND THEFT)

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	104,609	52,924	38,151
2. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,536	232
3. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	15,183

### SCHEDULE P – PART 4J – AUTO PHYSICAL DAMAGE

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
2. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
3. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

### SCHEDULE P – PART 4K – FIDELITY/SURETY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
2. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
3. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

### SCHEDULE P – PART 4L – OTHER (INCLUDING CREDIT, ACCIDENT AND HEALTH)

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
2. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
3. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

### SCHEDULE P – PART 4M – INTERNATIONAL

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1. Prior										
2. 2006										
3. 2007	XXX									
4. 2008	XXX	XXX								
5. 2009	XXX	XXX	XXX							
6. 2010	XXX	XXX	XXX	XXX						
7. 2011	XXX	XXX	XXX	XXX	XXX					
8. 2012	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	



**NONE Schedule P - Part 4N, 4O, 4P**

**NONE Schedule P - Part 4R Sec. 1 and 2, 4S, 4T**

**NONE Schedule P - Part 5A - Section 1-3**

**NONE Schedule P - Part 5B - Section 1-3**

**NONE Schedule P - Part 5C - Section 1-3**

**NONE Schedule P - Part 5D - Section 1-3**

**NONE Schedule P - Part 5E - Section 1-3**

**NONE Schedule P - Part 5F - Section 1A-3A**

**NONE Schedule P - Part 5F - Section 1B-3B**

**NONE Schedule P - Part 5H - Section 1A-3A**

**NONE Schedule P - Part 5H - Section 1B-3B**

**NONE Schedule P - Part 5R - Section 1A-3A**

**NONE Schedule P - Part 5R - Section 1B-3B**

**NONE Schedule P - Part 5T - Warranty**

**NONE Schedule P - Part 6C Sec. 1 and 2, 6D Sec. 1 and 2**

**NONE Schedule P - Part 6E Sec. 1 and 2, 6H Sec. 1A and 2A**

**NONE Schedule P - Part 6H Sec. 1B and 2B, 6M Sec. 1B and 2B**

**NONE Schedule P - Part 6N Sec. 1 and 2, 6O Sec. 1 and 2**

**NONE Schedule P - Part 6R Sec. 1A, 2A and 1B, 2B**

**NONE Schedule P - Part 7A**

**NONE Schedule P - Part 7A (Continued)**

**NONE Schedule P - Part 7B**

**NONE Schedule P - Part 7B (Continued)**

## SCHEDULE P INTERROGATORIES

1. The following questions relate to yet-to-be-issued Extended Reporting Endorsements (EREs) arising from Death, Disability, or Retirement (DDR) provisions in Medical Professional Liability Claims Made insurance policies. EREs provided for reasons other than DDR are not to be included.

1.1 Does the company issue Medical Professional Liability Claims Made insurance policies that provide tail (also known as an extended reporting endorsement, or "ERE") benefits in the event of Death, Disability, or Retirement (DDR) at a reduced charge or at no additional cost? Yes [ ] No [ X ]

If the answer to question 1.1 is "no", leave the following questions blank. If the answer to question 1.1 is "yes", please answer the following questions:

1.2 What is the total amount of the reserve for that provision (DDR Reserve), as reported, explicitly or not, elsewhere in this statement (in dollars)? \$ \_\_\_\_\_

1.3 Does the company report any DDR reserve as Unearned Premium Reserve per SSAP #65? Yes [ ] No [ ]

1.4 Does the company report any DDR reserve as loss or loss adjustment expense reserve? Yes [ ] No [ ]

1.5 If the company reports DDR reserve as Unearned Premium Reserve, does that amount match the figure on the Underwriting and Investment Exhibit, Part 1A – Recapitulation of all Premiums (Page 7) Column 2, Lines 11.1 plus 11.2? Yes [ ] No [ ] N/A [ X ]

1.6 If the company reports DDR reserve as loss or loss adjustment expense reserve, please complete the following table corresponding to where these reserves are reported in Schedule P:

Years in Which Premiums Were Earned and Losses Were Incurred	DDR Reserve Included in Schedule P, Part 1F, Medical Professional Liability Column 24: Total Net Losses and Expenses Unpaid	
	1 Section 1: Occurrence	2 Section 2: Claims-Made
1.601 Prior		
1.602 2006		
1.603 2007		
1.604 2008		
1.605 2009		
1.606 2010		
1.607 2011		
1.608 2012		
1.609 2013		
1.610 2014		
1.611 2015		
1.612 Totals		

2. The definition of allocated loss adjustment expenses (ALAE) and, therefore, unallocated loss adjustment expenses (ULAE) was changed effective January 1, 1998. This change in definition applies to both paid and unpaid expenses. Are these expenses (now reported as "Defense and Cost Containment" and "Adjusting and Other") reported in compliance with these definitions in this statement? Yes [ X ] No [ ]

3. The Adjusting and Other expense payments and reserves should be allocated to the years in which the losses were incurred based on the number of claims reported, closed and outstanding in those years. When allocating Adjusting and Other expense between companies in a group or a pool, the Adjusting and Other expense should be allocated in the same percentage used for the loss amounts and the claim counts. For reinsurers, Adjusting and Other expense assumed should be reported according to the reinsurance contract. For Adjusting and Other expense incurred by reinsurers, or in those situations where suitable claim count information is not available, Adjusting and Other expense should be allocated by a reasonable method determined by the company and described in Interrogatory 7, below. Are they so reported in this Statement? Yes [ X ] No [ ]

4. Do any lines in Schedule P include reserves that are reported gross of any discount to present value of future payments, and that are reported net of such discounts on Page 10? Yes [ ] No [ X ]

If yes, proper disclosure must be made in the Notes to Financial Statements, as specified in the Instructions. Also, the discounts must be reported in Schedule P - Part 1, Columns 32 and 33.

Schedule P must be completed gross of non-tabular discounting. Work papers relating to discount calculations must be available for examination upon request.

Discounting is allowed only if expressly permitted by the state insurance department to which this Annual Statement is being filed.

5. What were the net premiums in force at the end of the year for: 5.1 Fidelity \$ \_\_\_\_\_  
5.2 Surety \$ \_\_\_\_\_  
 (in thousands of dollars)

6. Claim count information is reported per claim or per claimant. (indicate which). Per Claim \_\_\_\_\_

If not the same in all years, explain in Interrogatory 7.

7.1 The information provided in Schedule P will be used by many persons to estimate the adequacy of the current loss and expense reserves, among other things. Are there any especially significant events, coverage, retention or accounting changes that have occurred that must be considered when making such analyses? Yes [ ] No [ X ]

7.2 An extended statement may be attached

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

## SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN Allocated By States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	N							
2. Alaska	AK	N							
3. Arizona	AZ	N							
4. Arkansas	AR	N							
5. California	CA	N							
6. Colorado	CO	N							
7. Connecticut	CT	N							
8. Delaware	DE	N							
9. District of Columbia	DC	N							
10. Florida	FL	N							
11. Georgia	GA	N							
12. Hawaii	HI	N							
13. Idaho	ID	N							
14. Illinois	IL	N							
15. Indiana	IN	N							
16. Iowa	IA	N							
17. Kansas	KS	N							
18. Kentucky	KY	N							
19. Louisiana	LA	N							
20. Maine	ME	N							
21. Maryland	MD	N							
22. Massachusetts	MA	N							
23. Michigan	MI	N							
24. Minnesota	MN	N							
25. Mississippi	MS	N							
26. Missouri	MO	N							
27. Montana	MT	N							
28. Nebraska	NE	N							
29. Nevada	NV	N							
30. New Hampshire	NH	N							
31. New Jersey	NJ	N							
32. New Mexico	NM	N							
33. New York	NY	N							
34. North Carolina	NC	N							
35. North Dakota	ND	N							
36. Ohio	OH	N							
37. Oklahoma	OK	N							
38. Oregon	OR	N							
39. Pennsylvania	PA	N							
40. Rhode Island	RI	N							
41. South Carolina	SC	N							
42. South Dakota	SD	N							
43. Tennessee	TN	N							
44. Texas	TX	L	503,824,316	501,721,842	134,184,261	136,494,508	61,066,377		
45. Utah	UT	N							
46. Vermont	VT	N							
47. Virginia	VA	N							
48. Washington	WA	N							
49. West Virginia	WV	N							
50. Wisconsin	WI	N							
51. Wyoming	WY	N							
52. American Samoa	AS	N							
53. Guam	GU	N							
54. Puerto Rico	PR	N							
55. U.S. Virgin Islands	VI	N							
56. Northern Mariana Islands	MP	N							
57. Canada	CAN	N							
58. Aggregate Other Alien	OT	X X X							
59. Totals	(a) 1		503,824,316	501,721,842	134,184,261	136,494,508	61,066,377		

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

NONE

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

**Explanation of basis of allocation of premiums by states, etc.**

Texas Windstorm Insurance Association only writes policies in Texas.

(a) Insert the number of L responses except for Canada and Other Alien.

**NONE**    **Schedule T - Part 2**

**NONE**    **Schedule Y - Part 1**

## SCHEDULE Y

### PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Company Code	ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries Or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity / Person)	Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	*
4766		30040	74-6189303				Texas Windstorm Insurance Association	TX	CON	Unaffiliated	Service Contract			
4766		11543	43-1982873				Texas FAIR Plan Association	TX	CON	Unaffiliated	Service Contract			

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Asterik	Explanation
	<b>NONE</b>

## SCHEDULE Y

### PART 2 – SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES

1	2	3	4	5	6	7	8	9	10	11	12	13
NAIC Company Code	ID Number	Names of Insurers and Parent, Subsidiaries or Affiliates	Shareholder Dividends	Capital Contributions	Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments	Income/ (Disbursements) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	Management Agreements and Service Contracts	Income/ (Disbursements) Incurred Under Reinsurance Agreements	*	Any Other Material Activity Not in the Ordinary Course of the Insurer's Business	Totals	Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/ (Liability)
30040 11543	74-6189303 43-1982873	Texas Windstorm Insurance Association Texas FAIR Plan Association					9,505,904 (9,505,904)				9,505,904 (9,505,904)	
9999999	Control Totals								XXX			

**SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES**

The following supplemental reports are required to be filed as part of your statement filing unless specifically waived by the domiciliary state. However, in the event that your domiciliary state waives the filing requirement, your response of WAIVED to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	<u>Responses</u>
<b>MARCH FILING</b>	
1. Will an actuarial opinion be filed by March 1?	YES
2. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?	YES
3. Will the confidential Risk-based Capital Report be filed with the NAIC by March 1?	YES
4. Will the confidential Risk-based Capital Report be filed with the state of domicile, if required, by March 1?	YES
<b>APRIL FILING</b>	
5. Will the Insurance Expense Exhibit be filed with the state of domicile and the NAIC by April 1?	YES
6. Will Management's Discussion and Analysis be filed by April 1?	YES
7. Will the Supplemental Investment Risks Interrogatories be filed by April 1?	YES
<b>MAY FILING</b>	
8. Will this company be included in a combined annual statement that is filed with the NAIC by May 1?	See Explanation
<b>JUNE FILING</b>	
9. Will an audited financial report be filed by June 1?	See Explanation
10. Will Accountants Letter of Qualifications be filed with the state of domicile and electronically with the NAIC by June 1?	See Explanation
<b>AUGUST FILING</b>	
11. Will Communication of Internal Control Related Matters Noted in Audit be filed with the state of domicile by August 1?	YES

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

<b>MARCH FILING</b>	
12. Will Schedule SIS (Stockholder Information Supplement) be filed with the state of domicile by March 1?	NO
13. Will the Financial Guaranty Insurance Exhibit be filed by March 1?	NO
14. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?	NO
15. Will Supplemental A to Schedule T (Medical Professional Liability Supplement) be filed by March 1?	NO
16. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC by March 1?	NO
17. Will the Premiums Attributed to Protected Cells be filed by March 1?	NO
18. Will the Reinsurance Summary Supplemental Filing for General Interrogatory 9 be filed with the state of domicile and the NAIC by March 1?	YES
19. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC by March 1?	NO
20. Will the confidential Actuarial Opinion Summary be filed with the state of domicile, if required, by March 15 (or the date otherwise specified)?	NO
21. Will the Reinsurance Attestation Supplement be filed with the state of domicile and the NAIC by March 1?	YES
22. Will the Exceptions to the Reinsurance Attestation Supplement be filed with the state of domicile by March 1?	NO
23. Will the Bail Bond Supplement be filed with the state of domicile and the NAIC by March 1?	NO
24. Will the Director and Officer Insurance Coverage Supplement be filed with the state of domicile and the NAIC by March 1?	NO
25. Will an approval from the reporting entity's state of domicile for relief related to the five-year rotation requirement for lead audit partner be filed electronically with the NAIC by March 1?	NO
26. Will an approval from the reporting entity's state of domicile for relief related to the one-year cooling off period for independent CPA be filed electronically with the NAIC by March 1?	NO
27. Will an approval from the reporting entity's state of domicile for relief related to the Requirements for Audit Committees be filed electronically with the NAIC by March 1?	NO
<b>APRIL FILING</b>	
28. Will the Credit Insurance Experience Exhibit be filed with the state of domicile and the NAIC by April 1?	NO
29. Will the Long-Term Care Experience Reporting Forms be filed with the state of domicile and the NAIC by April 1?	NO
30. Will the Accident and Health Policy Experience Exhibit be filed by April 1?	NO
31. Will the Supplemental Health Care Exhibit (Parts 1, 2 and 3) be filed with the state of domicile and the NAIC by April 1?	NO
32. Will the regulator only (non-public) Supplemental Health Care Exhibit's Expense Allocation Report be filed with the state of domicile and the NAIC by April 1?	NO
33. Will the Cybersecurity and Identity Theft Insurance Coverage Supplement be filed with the state of domicile and the NAIC by April 1?	NO
<b>AUGUST FILING</b>	
34. Will Management's Report of Internal Control Over Financial Reporting be filed with the state of domicile by August 1?	YES

**Explanation:**

Explanation 8: Not applicable

## SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

- Explanation 9: The Association is required to file by June 30th.
- Explanation 10: The Association is required to file by June 30th.
- Explanation 13: Not applicable
- Explanation 14: Not applicable
- Explanation 15: Not applicable
- Explanation 16: Not applicable
- Explanation 17: Not applicable
- Explanation 19: Not applicable
- Explanation 20: Not applicable
- Explanation 22: Not applicable
- Explanation 23: Not applicable
- Explanation 24: Not applicable
- Explanation 25: Not applicable
- Explanation 26: Not applicable
- Explanation 27: Not applicable
- Explanation 28: Not applicable
- Explanation 29: Not applicable
- Explanation 30: Not applicable
- Explanation 31: Not applicable
- Explanation 32: Not applicable
- Explanation 33: Not applicable

Bar Code:



30040201520100000



30040201522000000



30040201522100000



30040201542000000



## SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES



30040201524000000



30040201545500000



30040201538500000



30040201544100000



30040201550000000



30040201522400000



30040201522600000



30040201530600000



30040201521600000



30040201555000000



30040201536000000



30040201549000000



30040201536500000



30040201540000000



30040201550500000



30040201522500000



30040201523000000



30040201521000000



30040201521700000

**OVERFLOW PAGE FOR WRITE-INS**

**Page 3 - Continuation**

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1	2
REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR LIABILITIES	Current Year	Prior Year
2504. Lease incentive obligation	880,918	1,006,762
2505. Deferred rent liability	434,364	275,786
2506. Surcharge payable	401,775	495,345
2597. Totals (Lines 2504 through 2596) (Page 3, Line 2598)	1,717,057	1,777,893

**OVERFLOW PAGE FOR WRITE-INS**

**Page 11 - Continuation**

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 3 - EXPENSES**

REMAINING WRITE-INS AGGREGATED AT LINE 24 FOR OTHER LINES OF BUSINESS	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
2404. Miscellaneous Expense		27,418		27,418
2497. Totals (Lines 2404 through 2496) (Page 11, Line 24)		27,418		27,418

## SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	1	2	3	4	5	6
	Amount	Percentage	Amount	Securities Lending Reinvested Collateral Amount	Total (Col. 3 + 4) Amount	Percentage
1. Bonds:						
1.1 U.S. treasury securities						
1.2 U.S. government agency obligations (excluding mortgage-backed securities):						
1.21 Issued by U.S. government agencies						
1.22 Issued by U.S. government sponsored agencies						
1.3 Non-U.S. government (including Canada, excluding mortgage-backed securities)						
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:						
1.41 States, territories and possessions general obligations						
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations						
1.43 Revenue and assessment obligations						
1.44 Industrial development and similar obligations						
1.5 Mortgage-backed securities (includes residential and commercial MBS):						
1.51 Pass-through securities:						
1.511 Issued or guaranteed by GNMA						
1.512 Issued or guaranteed by FNMA and FHLMC						
1.513 All other						
1.52 CMOs and REMICs:						
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA						
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521						
1.523 All other						
2. Other debt and other fixed income securities (excluding short term):						
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)						
2.2 Unaffiliated non-U.S. securities (including Canada)						
2.3 Affiliated securities						
3. Equity interests:						
3.1 Investments in mutual funds						
3.2 Preferred stocks:						
3.21 Affiliated						
3.22 Unaffiliated						
3.3 Publicly traded equity securities (excluding preferred stocks):						
3.31 Affiliated						
3.32 Unaffiliated						
3.4 Other equity securities:						
3.41 Affiliated						
3.42 Unaffiliated						
3.5 Other equity interests including tangible personal property under lease:						
3.51 Affiliated						
3.52 Unaffiliated						
4. Mortgage loans:						
4.1 Construction and land development						
4.2 Agricultural						
4.3 Single family residential properties						
4.4 Multifamily residential properties						
4.5 Commercial loans						
4.6 Mezzanine real estate loans						
5. Real estate investments:						
5.1 Property occupied by company						
5.2 Property held for production of income (including \$ _____ of property acquired in satisfaction of debt)						
5.3 Property held for sale (including \$ _____ of property acquired in satisfaction of debt)						
6. Contract loans						
7. Derivatives						
8. Receivables for securities						
9. Securities Lending (Line 10, Asset Page reinvested collateral)				X X X	X X X	X X X
10. Cash, cash equivalents and short-term investments	991,616,741	100.00	991,616,741		991,616,741	100.00
11. Other invested assets						
12. Total invested assets	991,616,741	100.00	991,616,741		991,616,741	100.00

- NONE    Schedule A and B Verification**
- NONE    Schedule BA and D Verification**
- NONE    Schedule D - Summary**
- NONE    Schedule D - Part 1A - Sect 1 (3 pgs)**
- NONE    Schedule D - Part 1A - Sect 2 (2 pgs)**
- NONE    Schedule DA Verification**
- NONE    Schedule DB - Part A and B Verification**
- NONE    Schedule DB - Part C - Section 1**
- NONE    Schedule DB - Part C - Section 2**
- NONE    Schedule DB - Verification**

## SCHEDULE E - VERIFICATION BETWEEN YEARS

(Cash Equivalents)

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

(a) Indicate the category of such investments, for example, joint ventures, transportation equipment: .....

**NONE Schedule A - Part 1**  
**NONE Schedule A - Part 2**  
**NONE Schedule A - Part 3**  
**NONE Schedule B - Part 1**  
**NONE Schedule B - Part 2**  
**NONE Schedule B - Part 3**  
**NONE Schedule BA - Part 1**  
**NONE Schedule BA - Part 2**  
**NONE Schedule BA - Part 3**  
**NONE Schedule D - Part 1**  
**NONE Schedule D - Part 2 - Section 1**  
**NONE Schedule D - Part 2 - Section 2**  
**NONE Schedule D - Part 3**  
**NONE Schedule D - Part 4**  
**NONE Schedule D - Part 5**  
**NONE Schedule D - Part 6 - Section 1 and 2**  
**NONE Schedule DA - Part 1**  
**NONE Schedule DB - Part A - Section 1**  
**NONE Schedule DB - Part A - Section 2**  
**NONE Schedule DB - Part B - Section 1**  
**NONE Schedule DB - Part B - Section 2**  
**NONE Schedule DB - Part D - Section 1**  
**NONE Schedule DB - Part D - Section 2**  
**NONE Schedule DL - Part 1**  
**NONE Schedule DL - Part 2**

### SCHEDULE E - PART 1 - CASH

1	2	3	4	5	6	7
Depository	Code	Rate of Interest	Amount of Interest Received During Year	Amount of Interest Accrued December 31 of Current Year	Balance	*
<b>OPEN DEPOSITORIES</b>						
Bank of America N.A.	Austin, TX				60,670,434	
Bank of America N.A.-MMDA	Sallas, TX		5,829			
Bank of America, N.A. - Certificate of Deposit	Due 03/21/2016	0.400		27,500	25,000,000	
Bank of America, N.A. - Certificate of Deposit	Due 05/01/2015	0.220	23,467			
Bank of America, N.A. - Certificate of Deposit	Due 05/01/2015	0.220	19,250			
Bank of America, N.A. - Certificate of Deposit	Due 01/27/2015	0.240	30,500			
Bank of America, N.A. - Certificate of Deposit	Due 03/26/2015	0.050	2,014			
Bank of America, N.A. - Certificate of Deposit	Due 03/03/2015	0.180	11,250			
Bank of America, N.A. - Certificate of Deposit	Due 06/01/2015	0.240	30,000			
Bank of America, N.A. - Certificate of Deposit	Due 05/01/2015	0.230	23,383			
Bank of America, N.A. - Certificate of Deposit	Due 10/29/2015	0.300	45,250			
Bank of America, N.A. - Certificate of Deposit	Due 04/27/2016	0.340		17,850	30,000,000	
Bank of America, N.A. - Certificate of Deposit	Due 07/30/2015	0.210	13,125			
Bank of America, N.A. - Certificate of Deposit	Due 01/26/2016	0.310		32,938	25,000,000	
Citibank, N.A.	Dallas, TX				10,003,242	
Citibank, N.A. - MMDA	Dallas, TX	0.150	132,989		60,870,112	
Citibank, N.A. - MMDA	Dallas, TX	0.150	40,422		11,080	
Citibank, N.A. - MMTD	San Antonio, TX	0.200	30,583		60,030,583	
JP Morgan Chase Bank, N.A.	San Antonio, TX				197,860	
JP Morgan Chase Bank, N.A. - MMDA	San Antonio, TX	0.170	178,711		25,284,817	
JP Morgan Chase Bank, N.A. - Certificate of Deposit	Due 03/23/2016	0.330		1,085	15,000,000	
JP Morgan Chase Bank, N.A. - Certificate of Deposit	Due 04/23/2016	0.370		1,216	15,000,000	
JP Morgan Chase Bank, N.A. - Certificate of Deposit	Due 05/23/2016	0.400		1,315	15,000,000	
JP Morgan Chase Bank, N.A. - Certificate of Deposit	Due 06/23/2016	0.440		1,447	15,000,000	
JP Morgan Chase Bank, N.A. - Certificate of Deposit	Due 07/23/2016	0.470		2,060	20,000,000	
JP Morgan Chase Bank, N.A. - Certificate of Deposit	Due 08/23/2016	0.490		2,148	20,000,000	
Wells Fargo Bank, N.A. - Certificate of Deposit	Due 03/30/2015	0.120	7,406			
Wells Fargo Bank, N.A. - Certificate of Deposit	Due 03/30/2015	0.120	7,406			
Wells Fargo Bank, N.A. - Certificate of Deposit	Due 06/28/2015	0.190	23,451			
Wells Fargo Bank, N.A. - Certificate of Deposit	Due 06/28/2015	0.190	23,451			
Wells Fargo Bank, N.A. - Certificate of Deposit	Due 09/30/2015	0.190	23,976			
Wells Fargo Bank, N.A. - Certificate of Deposit	Due 12/28/2015	0.190	23,864			
Wells Fargo Bank, N.A. - Certificate of Deposit	Due 12/28/2015	0.190	23,864			
Wells Fargo Bank, N.A. - Certificate of Deposit	Due 03/29/2016	0.120		99	15,045,902	
Wells Fargo Bank, N.A. - Certificate of Deposit	Due 04/29/2016	0.120		33	5,045,902	
Wells Fargo Bank, N.A. - Certificate of Deposit	Due 05/29/2016	0.120		99	15,045,902	
Wells Fargo Bank, N.A. - Certificate of Deposit	Due 06/29/2016	0.190		157	15,045,902	
Wells Fargo Bank, N.A. - Certificate of Deposit	Due 10/28/2015	0.190	23,826			
Wells Fargo Bank, N.A. - Certificate of Deposit	Due 04/27/2016	0.200		8,775	25,023,826	
0199998 Deposits in ( ) depositories that do not exceed the allowable limit in any one depository (See Instructions) - open depositories	X X X	X X X				X X X
0199999 Totals - Open Depositories	X X X	X X X	744,017	96,722	472,275,562	X X X
<b>SUSPENDED DEPOSITORIES</b>						
0299998 Deposits in ( ) depositories that do not exceed the allowable limit in any one depository (See Instructions) - suspended depositories	X X X	X X X				X X X
0299999 Totals - Suspended Depositories	X X X	X X X				X X X
0399999 Total Cash on Deposit	X X X	X X X	744,017	96,722	472,275,562	X X X
0499999 Cash in Company's Office	X X X	X X X	X X X	X X X		X X X
0599999 Total Cash	X X X	X X X	744,017	96,722	472,275,562	X X X

**TOTALS OF DEPOSITORY BALANCES ON THE LAST DAY OF EACH MONTH DURING THE CURRENT YEAR**

1. January	1,148,020,044	4. April	938,396,640	7. July	903,999,570	10. October	985,202,009
2. February	1,152,502,886	5. May	904,153,428	8. August	925,165,633	11. November	991,880,918
3. March	919,696,366	6. June	913,218,908	9. September	984,629,119	12. December	991,616,742



### SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned December 31 of Current Year

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
Assets Subject to Reverse Repurchase Agreement at Texas Treasury Safekeeping Tru	RR	12/31/2015	0.190	01/02/2016	534,432,876	2,821	295,020
8599999 Other Cash Equivalents					534,432,876	2,821	295,020
8699999 Total Cash Equivalents					534,432,876	2,821	295,020

E27

**NONE Schedule E - Part 3**

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