

QUARTERLY STATEMENT

OF THE

Texas Windstorm Insurance Association

of Austin

in the state of Texas

TO THE

Insurance Department

OF THE

STATE OF

Texas

FOR THE QUARTER ENDED

June 30, 2019

PROPERTY AND CASUALTY

2019



30040201920100102

QUARTERLY STATEMENT

AS OF JUNE 30, 2019
OF THE CONDITION AND AFFAIRS OF THE

Texas Windstorm Insurance Association

NAIC Group Code 4766, NAIC Company Code 30040, Employer's ID Number 74-6189303, State of Domicile or Port of Entry TX, Statutory Home Office 5700 S. Mopac Bldg A, Austin, TX US 78749, Primary Location of Books and Records 5700 S. Mopac Bldg A, Internet Website Address https://www.twia.org/

OFFICERS

Chair

Joshua Fields

Table with 2 columns: Name, Title. Rows include John William Polak (General Manager), Bryan Shofner (Vice Chairman), Debbie King (Secretary-Treasurer), Jerome Tonra Fadden # (Chief Financial Officer).

VICE-PRESIDENTS

Table with 4 columns: Name, Title, Name, Title. Rows include David Patrick Durden (VP Legal), Camron Malik (VP IT), Jennifer Taylor Armstrong (VP Communications & Legislative Affairs), David Scott Williams (VP Claims), Juanita Deloris Lester (VP HR and Administration), Denise Ingerson Larzalere (VP Underwriting).

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Title, Name, Title. Rows include Karen Guard, Joshua Fields, Tony Schrader, Michael Frank Gerik, Bryan Shofner, Georgia Rutherford Neblett, Chandra Womack, Debbie King.

State of Texas
County of Travis ss

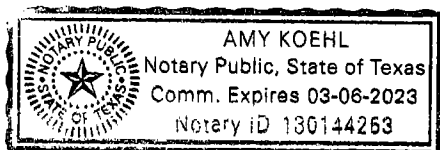
The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon...

Signature lines for John William Polak (General Manager), Jerome Tonra Fadden (Chief Financial Officer), and an empty line for a third officer.

Subscribed and sworn to before me this 18th day of July, 2019

Signature of Amy Koehl

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



ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds				
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate:				
4.1 Properties occupied by the company (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 211,606,533), cash equivalents (\$ 352,411,859), and short-term investments (\$ 0)	564,018,392		564,018,392	656,127,358
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives				
8. Other invested assets				
9. Receivables for securities				
10. Securities lending reinvested collateral assets				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	564,018,392		564,018,392	656,127,358
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	398,912		398,912	498,727
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	517,021	111,589	405,432	106,172
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	38,868		38,868	4,461
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				
21. Furniture and equipment, including health care delivery assets (\$ 0)	755,062	755,062		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	969,993		969,993	1,029,066
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	4,441,213	4,341,357	99,856	72,944
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	571,139,461	5,208,008	565,931,453	657,838,728
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	571,139,461	5,208,008	565,931,453	657,838,728

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. Member Assessment Receivable	2,199,241	2,199,241		
2502. Prepaid assets	2,030,235	2,030,235		
2503. Security deposit - lease	111,881	111,881		
2598. Summary of remaining write-ins for Line 25 from overflow page	99,856		99,856	72,944
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	4,441,213	4,341,357	99,856	72,944

NONE

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Statement Date	December 31, Prior Year
1. Losses (current accident year \$ 6,813,423)	174,238,843	157,182,138
2. Reinsurance payable on paid losses and loss adjustment expenses		
3. Loss adjustment expenses	58,678,637	43,597,505
4. Commissions payable, contingent commissions and other similar charges	7,375,771	3,639,131
5. Other expenses (excluding taxes, licenses and fees)	6,944,828	5,497,696
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	490,669	685,411
7.1. Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))		
7.2. Net deferred tax liability		
8. Borrowed money \$ 368,500,000 and interest thereon \$ 15,200,625	383,700,625	383,700,625
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ 75,186,325 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)	118,036,696	195,049,950
10. Advance premium	12,297,976	6,202,566
11. Dividends declared and unpaid:		
11.1. Stockholders		
11.2. Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	63,203,827	20,171,584
13. Funds held by company under reinsurance treaties		400,023
14. Amounts withheld or retained by company for account of others		
15. Remittances and items not allocated	1,361,341	2,929,007
16. Provision for reinsurance (including \$ 223,397 certified)	1,815,889	
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	5,671,058	116,647,289
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	833,816,160	935,702,925
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	833,816,160	935,702,925
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)	(267,884,707)	(277,864,197)
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)	(267,884,707)	(277,864,197)
38. Totals (Page 2, Line 28, Col. 3)	565,931,453	657,838,728

DETAILS OF WRITE-IN LINES		
2501. Pension benefits liability	3,876,002	3,876,002
2502. Surcharge payable	472,188	245,859
2503. Deferred rent liability	447,525	488,893
2598. Summary of remaining write-ins for Line 25 from overflow page	875,343	112,036,535
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	5,671,058	116,647,289
2901.	NONE	
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page		
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)		
3201.	NONE	
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page		
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)		

STATEMENT OF INCOME

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct (written \$ 190,706,010)	192,532,938	207,239,680	409,954,258
1.2 Assumed (written \$ 0)			
1.3 Ceded (written \$ 91,679,469)	16,493,145	19,473,469	108,438,819
1.4 Net (written \$ 99,026,541)	176,039,793	187,766,211	301,515,439
DEDUCTIONS:			
2. Losses incurred (current accident year \$ 12,688,574):			
2.1 Direct	74,060,721	107,634,169	106,002,671
2.2 Assumed			
2.3 Ceded	99,500	(239,075)	(259,924)
2.4 Net	73,961,221	107,873,244	106,262,595
3. Loss adjustment expenses incurred	32,596,725	58,639,410	69,735,257
4. Other underwriting expenses incurred	45,176,484	49,981,688	96,399,261
5. Aggregate write-ins for underwriting deductions			110,589,883
6. Total underwriting deductions (Lines 2 through 5)	151,734,430	216,494,342	382,986,996
7. Net income of protected cells			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	24,305,363	(28,728,131)	(81,471,557)
INVESTMENT INCOME			
9. Net investment income earned	(11,576,929)	(14,579,090)	(27,331,179)
10. Net realized capital gains (losses) less capital gains tax of \$ 0			
11. Net investment gain (loss) (Lines 9 + 10)	(11,576,929)	(14,579,090)	(27,331,179)
OTHER INCOME			
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	42,566	175,050,144	281,871,761
15. Total other income (Lines 12 through 14)	42,566	175,050,144	281,871,761
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	12,771,000	131,742,923	173,069,025
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)	12,771,000	131,742,923	173,069,025
19. Federal and foreign income taxes incurred			
20. Net income (Line 18 minus Line 19) (to Line 22)	12,771,000	131,742,923	173,069,025
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	(277,864,197)	(461,390,162)	(461,390,162)
22. Net income (from Line 20)	12,771,000	131,742,923	173,069,025
23. Net transfers (to) from Protected Cell accounts			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 0			
25. Change in net unrealized foreign exchange capital gain (loss)			
26. Change in net deferred income tax			
27. Change in nonadmitted assets	(975,622)	10,631,129	9,281,901
28. Change in provision for reinsurance	(1,815,889)	(2,685,505)	
29. Change in surplus notes			
30. Surplus (contributed to) withdrawn from protected cells			
31. Cumulative effect of changes in accounting principles			
32. Capital changes:			
32.1 Paid in			
32.2 Transferred from surplus (Stock Dividend)			
32.3 Transferred to surplus			
33. Surplus adjustments:			
33.1 Paid in			
33.2 Transferred to capital (Stock Dividend)			
33.3 Transferred from capital			
34. Net remittances from or (to) Home Office			
35. Dividends to stockholders			
36. Change in treasury stock			
37. Aggregate write-ins for gains and losses in surplus			1,175,039
38. Change in surplus as regards policyholders (Lines 22 through 37)	9,979,489	139,688,547	183,525,965
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	(267,884,708)	(321,701,615)	(277,864,197)

DETAILS OF WRITE-IN LINES			
0501. Statutory fund expense			110,589,883
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)			110,589,883
1401. Other income (loss)	42,566	50,144	51,983
1402. Member Assessment Income		175,000,000	281,819,778
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	42,566	175,050,144	281,871,761
3701. Pension unassigned funds - unrecognized losses			1,175,039
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)			1,175,039

CASH FLOW

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance	147,660,613	157,733,719	294,899,834
2. Net investment income	(12,966,628)	(14,639,827)	(29,058,812)
3. Miscellaneous income	42,566	85,211,737	279,672,519
4. Total (Lines 1 to 3)	134,736,551	228,305,629	545,513,541
5. Benefit and loss related payments	56,936,559	213,556,072	307,282,841
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions	166,805,782	100,886,863	183,021,795
8. Dividends paid to policyholders			
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)			
10. Total (Lines 5 through 9)	223,742,341	314,442,935	490,304,636
11. Net cash from operations (Line 4 minus Line 10)	(89,005,790)	(86,137,306)	55,208,905
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds			
12.2 Stocks			
12.3 Mortgage loans			
12.4 Real estate			
12.5 Other invested assets			
12.6 Net gains (or losses) on cash, cash equivalents and short-term investments			
12.7 Miscellaneous proceeds			
12.8 Total investment proceeds (Lines 12.1 to 12.7)			
13. Cost of investments acquired (long-term only):			
13.1 Bonds			
13.2 Stocks			
13.3 Mortgage loans			
13.4 Real estate			
13.5 Other invested assets			
13.6 Miscellaneous applications			
13.7 Total investments acquired (Lines 13.1 to 13.6)			
14. Net increase (or decrease) in contract loans and premium notes			
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)			
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes			
16.2 Capital and paid in surplus, less treasury stock			
16.3 Borrowed funds			(48,001,625)
16.4 Net deposits on deposit-type contracts and other insurance liabilities			
16.5 Dividends to stockholders			
16.6 Other cash provided (applied)	(3,103,176)	2,457,627	2,845,887
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(3,103,176)	2,457,627	(45,155,738)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(92,108,966)	(83,679,679)	10,053,167
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	656,127,358	646,074,191	646,074,191
19.2 End of period (Line 18 plus Line 19.1)	564,018,392	562,394,512	656,127,358

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

20.0001			
20.0002			
20.0003			

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

A. Accounting Practices, Impact of NAIC/State Differences

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

Net Income	SSAP #	F/S Page	F/S Line #	June 30, 2019	2018
1. Company state basis (P 4, Line 20, Columns 1&2)	XXX	XXX	XXX	\$ 12,771,000	173,069,025
2. State Prescribed Practices that is an increase / (decrease) from NAIC SAP				-	-
3. State Permitted Practices that is an increase / (decrease) from NAIC SAP				-	-
4. NAIC SAP (1 – 2 – 3 = 4)	XXX	XXX	XXX	\$ 12,771,000	173,069,025

Surplus	SSAP #	F/S Page	F/S Line #	June 30, 2019	2018
5. Company state basis (Page 3, Line 37, Columns 1 & 2)	XXX	XXX	XXX	(\$267,884,707)	(\$ 277,864,197)
6. State Prescribed Practices that is an increase / (decrease) from NAIC SAP				-	-
7. State Permitted Practices that is an increase / (decrease) from NAIC SAP	20	2	5	\$ 106,359,024	92,573,713
8. NAIC SAP (5 – 6 – 7 = 8)	XXX	XXX	XXX	(\$374,243,731)	(\$ 370,437,910)

TDI has granted the permitted practice to allow TWIA to admit the following restricted assets associated with the issuance of Series 2014 Pre-Event Class 1 Revenue Bonds ("Series 2014 bonds") as of June 30, 2019 (see Debt footnote) to the extent that the assets do not exceed bond related liabilities. The detailed amounts are as follows:

- \$106,359,024 held in the obligation revenue fund for repayment of the Series 2014 bonds.

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. Short-term investments are stated at amortized cost, which approximates market value. Reverse repurchase agreements are recorded in cash equivalents if the repurchase date is less than 90 days. Reverse repurchase agreements represent the purchase of a security with an agreement to resell.
2. through 9. Investment and mortgage loan related, Not applicable.
10. The Association does not anticipate investment income when evaluating the need for premium deficiency reserves.
11. Loss and loss adjustment expense reserves are based upon claim estimates for (1) losses for claims 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

NOTES TO FINANCIAL STATEMENTS

the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.

12. 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.
13. Not applicable as the Association does not write medical insurance with prescription drug coverage.

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. Dollar Repurchase Agreements and/or Securities Lending Transactions

None

F. Repurchase Agreements Transactions Accounted for as a Secured Borrowing

None

G. Reverse Repurchase Agreements Transactions Accounted for as a Secured Borrowing

None

H. Repurchase Agreements Transactions Accounted for as a Sale

None

NOTES TO FINANCIAL STATEMENTS

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale

1. Funds held by the Texas Treasury Safekeeping Trust Company (TTSTC) on behalf of the Association are invested in overnight reverse repurchase agreements. These invested funds represent proceeds from the issuance of bonds during 2014 and include debt service payments. The funds are held at the TTSTC to be used for debt service and the payment of catastrophe loss and loss adjustment expense. See note 1 and note 11. The reverse repurchase agreements require collateral of 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 \$106,359,024 and \$92,573,713 at June 30, 2019 and December 31, 2018, respectively.
2. Type of Repo Trades Used

		1	2	3	4
		First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a.	Bilateral (YES/NO)	NO	NO	NO	NO
b.	Tri-Party (YES/NO)	YES	YES	YES	YES

3. Original (Flow) & Residual Maturity

	First Quarter				Second Quarter			
	1 Minimum	2 Maximum	3 Average Daily Balance	4 Ending Balance	5 Minimum	6 Maximum	7 Average Daily Balance	8 Ending Balance
a. Open -- No Maturity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
b. Overnight	77,387,429	97,958,183	90,027,553	97,958,183	97,984,118	106,359,024	100,805,371	106,359,024
c. 2 Days to 1 Week	-	-	-	-	-	-	-	-
d. > 1 Week to 1 Month	-	-	-	-	-	-	-	-
e. > 1 Month to 3 Months	-	-	-	-	-	-	-	-
f. > 3 Months to 1 Year	-	-	-	-	-	-	-	-
g. > 1 Year	-	-	-	-	-	-	-	-

	Third Quarter				Fourth Quarter			
	9 Minimum	10 Maximum	11 Average Daily Balance	12 Ending Balance	13 Minimum	14 Maximum	15 Average Daily Balance	16 Ending Balance
a. Open -- No Maturity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
b. Overnight	51,666,029	72,026,001	64,017,359	72,026,001	70,038,775	92,573,713	84,426,597	92,573,713
c. 2 Days to 1 Week	-	-	-	-	-	-	-	-
d. > 1 Week to 1 Month	-	-	-	-	-	-	-	-
e. > 1 Month to 3 Months	-	-	-	-	-	-	-	-
f. > 3 Months to 1 Year	-	-	-	-	-	-	-	-
g. > 1 Year	-	-	-	-	-	-	-	-

4. Counterparty, Jurisdiction and Fair Value (FV)

No Defaults, non applicable.

5. Securities Acquired Under Repo - Sale

	First Quarter				Second Quarter			
	1 Minimum	2 Maximum	3 Average Daily Balance	4 Ending Balance	5 Minimum	6 Maximum	7 Average Daily Balance	8 Ending Balance
a. BACV	X X X	X X X	X X X	\$97,958,183	X X X	X X X	X X X	\$106,359,024
b. Nonadmitted -- Subset of BACV	X X X	X X X	X X X	-	X X X	X X X	X X X	-
c. Fair value	\$77,387,429	\$97,958,183	\$90,027,553	\$97,958,183	\$97,984,118	\$106,359,024	\$100,805,371	\$106,359,024

	Third Quarter				Fourth Quarter			
	9 Minimum	10 Maximum	11 Average Daily Balance	12 Ending Balance	13 Minimum	14 Maximum	15 Average Daily Balance	16 Ending Balance
a. BACV	X X X	X X X	X X X	\$72,026,001	X X X	X X X	X X X	\$92,573,713
b. Nonadmitted -- Subset of BACV	X X X	X X X	X X X	-	X X X	X X X	X X X	-
c. Fair value	\$51,666,029	\$72,026,001	\$64,017,359	\$72,026,001	\$70,038,775	\$92,573,713	\$84,426,597	\$92,573,713

NOTES TO FINANCIAL STATEMENTS

6. Securities Acquired Under Repo – Sale by NAIC Designation

Ending Balance	1 None	2 NAIC 1	3 NAIC 2	4 NAIC 3	5 NAIC 4	6 NAIC 5	7 NAIC 6	8 Nonadmitted
a. Bonds -- BACV	-	-	-	-	-	-	-	-
b. Bonds -- FV	-	-	-	-	-	-	-	-
c. LB & SS -- BACV	-	-	-	-	-	-	-	-
d. LB & SS -- FV	-	-	-	-	-	-	-	-
e. Preferred Stock -- BACV	-	-	-	-	-	-	-	-
f. Preferred Stock -- FV	-	-	-	-	-	-	-	-
g. Common Stock	-	-	-	-	-	-	-	-
h. Mortgage Loans -- BACV	-	-	-	-	-	-	-	-
i. Mortgage Loans -- FV	-	-	-	-	-	-	-	-
j. Real Estate -- BACV	-	-	-	-	-	-	-	-
k. Real Estate -- FV	-	-	-	-	-	-	-	-
l. Derivatives -- BACV	-	-	-	-	-	-	-	-
m. Derivatives -- FV	-	-	-	-	-	-	-	-
n. Other Invested Assets -- BACV	-	-	-	-	-	-	-	-
o. Other Invested Assets -- FV	-	\$106,359,024	-	-	-	-	-	-
p. Total Assets -- BACV	-	-	-	-	-	-	-	-
q. Total Assets -- FV	-	\$106,359,024	-	-	-	-	-	-

7. Proceeds Provided - Sale

	First Quarter				Second Quarter			
	1 Minimum	2 Maximum	3 Average Daily Balance	4 Ending Balance	5 Minimum	6 Maximum	7 Average Daily Balance	8 Ending Balance
a. Cash	\$77,387,429	\$97,958,183	\$90,027,553	\$97,958,183	\$ 97,984,118	\$106,359,024	\$100,805,371	\$106,359,024
b. Securities (FV)	-	-	-	-	-	-	-	-
c. Securities (BACV)	X X X	X X X	X X X	-	X X X	X X X	X X X	-
d. Nonadmitted Subset	X X X	X X X	X X X	\$ -	X X X	X X X	X X X	\$ -

	Third Quarter				Fourth Quarter			
	9 Minimum	10 Maximum	11 Average Daily Balance	12 Ending Balance	13 Minimum	14 Maximum	15 Average Daily Balance	16 Ending Balance
a. Cash	\$51,666,029	\$72,026,001	\$64,017,359	\$72,026,001	\$70,038,775	\$92,573,713	\$84,426,597	\$92,573,713
b. Securities (FV)	-	-	-	-	-	-	-	-
c. Securities (BACV)	X X X	X X X	X X X	-	X X X	X X X	X X X	-
d. Nonadmitted Subset	X X X	X X X	X X X	\$ -	X X X	X X X	X X X	\$ -

8. Recognized Forward Resale Commitment

	First Quarter				Second Quarter			
	1 Minimum	2 Maximum	3 Average Daily Balance	4 Ending Balance	5 Minimum	6 Maximum	7 Average Daily Balance	8 Ending Balance
(8) Recognized Forward Resale Commitment	\$77,387,429	\$97,958,183	\$90,027,553	\$97,958,183	\$ 97,984,118	\$106,359,024	\$100,805,371	\$106,359,024

	Third Quarter				Fourth Quarter			
	9 Minimum	10 Maximum	11 Average Daily Balance	12 Ending Balance	13 Minimum	14 Maximum	15 Average Daily Balance	16 Ending Balance
(8) Recognized Forward Resale Commitment	\$51,666,029	\$72,026,001	\$64,017,359	\$72,026,001	\$70,038,775	\$92,573,713	\$84,426,597	\$92,573,713

J. Real Estate

None

K. Low-Income Housing Tax Credits

None

L. 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

NOTES TO FINANCIAL STATEMENTS

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 (Admitted & Nonadmitted) Restricted						Current Year				
	Current Year					6	7	8	9	Percentage	
	1	2	3	4	5					10	11
	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)	Total Non-admitted Restricted	Total Admitted Restricted (5 minus 8)	Gross (Admitted & Non-admitted) Restricted to Total Assets (c)	Admitted Restricted to Total Admitted Assets (d)
a. to c. None											
d. Subject to reverse repurchase	\$106,359,024				\$106,359,024	\$92,573,713	13,785,311	\$ -	\$106,359,024	18.62%	18.79%
e. to m. None											
n. Other restricted assets	-				-	-	-	-	-	0.00%	0.00%
o. Total restricted assets	\$106,359,024				\$106,359,024	\$92,573,713	13,785,311	\$ -	\$106,359,024	18.62%	18.79%

- (a) Subset of column 1
- (b) Subset of column 3
- (c) Column 5 divided by Asset Page, Column 1, Line 28
- (d) Column 9 divided by Asset Page, Column 3, Line 28

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

4. Collateral Received and Reflected as Assets Within the Reporting Entity’s Financial Statements

None

M. Working Capital Finance Investments

None

N. Offsetting and Netting of Assets and Liabilities

None

O. Structured Notes

None

P. 5* Securities

None

Q. Short Sales

None

R. Prepayment Penalty and Acceleration Fees

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.

NOTES TO FINANCIAL STATEMENTS

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 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 2019 and 2018 the Association paid expenses for the Texas FAIR Plan Association (“the Plan”) under its management contract. The incurred expenses were \$7,339,100 and \$13,786,972 for the period ending June 30, 2019 and for the year ending December 31, 2018, respectively. As of June 30, 2019 and December 31, 2018, the Association incurred or paid expenses for which it has not been reimbursed of \$969,993 and \$1,029,066, 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 the Plan. 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

NOTES TO FINANCIAL STATEMENTS

- 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
- K. Foreign Insurance Subsidiary Valued Using CARVM
Not applicable
- L. Downstream Holding Company valued Using Look-Through method
Not applicable
- M. All SCA Investments
Not applicable
- N. Investment in Insurance SCAs
Not applicable
- O. SCA Loss Tracking
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 of which \$368,500,000 was outstanding as of June 30, 2019 and December 31, 2018. The bonds mature July 1, 2024 and can be called by the Seller beginning July 1, 2019. The original 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 June 30, 2019 and December 31, 2018, TWIA is in compliance with these and all other covenants.

The Bonds were 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 June 30, 2019 and December 31, 2018, the notes had no unamortized premium or discount. Bond issuance costs are expensed as incurred.

NOTES TO FINANCIAL STATEMENTS

Interest expense incurred is recorded as an investment expense and was \$15,200,625 and \$32,302,875 for the period ended June 30, 2019 and for the year ended December 31, 2018, respectively. Interest expense of \$15,200,625 and \$34,204,500 was paid for the period ended June 30, 2019 and for the year ended December 31, 2018, respectively.

Changes in bonds payable for the period ending June 30, 2019:

Description	Bonds Outstanding December 31, 2018	Bonds Issued	Bonds Matured	Bonds Outstanding June 30, 2019
Taxable Series 2014	\$ 368,500,000	\$ -	\$-	\$ 368,500,000

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

Year	Amount
2019	49,900,000
2020	54,000,000
2021	58,500,000
2022	63,300,000
2023	68,600,000
Thereafter	74,200,000
On Demand	-
Total	\$ 368,500,000

B. FHLB (Federal Home Loan Bank) Agreements

Not applicable

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

No significant change

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

In 1993, the Texas legislature created the Catastrophe Reserve Trust Fund ("CRTF"). At the end of each year and pursuant to administrative rules, the Association shall deposit the net gain from operations of the Association in excess of incurred losses, operating expenses, public security obligations, and public security administrative expenses into the CRTF and/or purchase reinsurance. Pursuant to Tex. Ins. Code §2210.259, a surcharge is charged on non-compliant structures insured by the Association, and these surcharges are deposited monthly into the CRTF.

When an occurrence or series of occurrences in a catastrophe area occurs, the Association shall pay losses in excess of premium and other revenue of the Association from available reserves of the Association and available amounts in the CRTF. Administrative rules adopted by the commissioner of insurance establish the procedures relating to the disbursement of money from the CRTF.

The Texas Comptroller of Public Accounts ("comptroller") administers the CRTF in accordance with Tex. Ins. Code, Chapter 2210. All money, including investment income, deposited in the CRTF, are state funds to be held by the comptroller outside the state treasury on behalf of, and with legal title in, the TDI until disbursed as provided by the Tex. Ins. Code, Chapter 2210 and administrative rules adopted by the TDI under the Association's Plan of Operation.

The CRTF may be terminated only by law. On termination of the CRTF, all assets of the CRTF revert to the state of Texas to provide funding for the mitigation and preparedness plan established under Tex. Ins. Code, §2210.454.

For the period ending June 30, 2019 and year ending December 31, 2018, statutory fund costs were \$0 and \$110,589,883, respectively, based on the direction of the TDI based on its interpretation of the relevant statutes. TDI's directive required the Association to determine its net gain from operations based on accident-year incurred losses, rather than calendar year reported losses. At the end of calendar year 2018, the Association shall use the net gain from operations of the Association to make payments to the CRTF, procure reinsurance, or use alternative risk financing mechanisms. Although the \$110,589,883 was not presented as an asset in the statutory statements of admitted assets, liabilities, surplus and other funds, once contributed to the CRTF, these funds will be held in trust with the TTSTC and will be available for the exclusive use of the Association to pay losses and expenses of the Association as permitted by law. The December 31, 2018 payable to the CRTF was remitted to the TTSTC on March 29, 2019.

In August 2017, Hurricane Harvey impacted the Texas Coast and impacted the Association. Ultimate loss and

NOTES TO FINANCIAL STATEMENTS

loss adjustment expenses from Hurricane Harvey are estimated to be approximately \$1,700,000,000. Texas Insurance Code 2210 allows the Association to assess member companies relating to Class 1 member assessments up to \$500,000,000. A Class 1 member assessment was approved by the Texas Department of Insurance Commissioner (Commissioner) on May 25, 2018 for \$175,000,000 and a second assessment on August 29, 2018 for \$106,819,778 of which \$279,620,537 has been collected as of the issuance of this statement. One insurance group has disputed their participation of the assessment totaling \$2,199,241 which has been non-admitted as of June 30, 2019. Any uncollected assessment can be reallocated to other carriers if the dispute is resolved in favor of this group. Further assessments will be made as needed as Hurricane Harvey paid loss development matures. As of June 30, 2019, the deficit of the Association is \$267,884,707.

Note 14 – Liabilities, Contingencies and Assessments

A. Capital Commitments

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

B. Assessments

Not applicable

C. Gain Contingencies

Not applicable

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits

The Association paid no amounts separately identified in the current year to settle claims related to extra contractual obligations or bad faith claims resulting from lawsuits.

Description	Direct
Claims related ECO and bad faith losses paid during the reporting period	\$ 0

Number of claims for which amounts were paid to settle claims related extra contractual obligations or bad faith claims resulting from lawsuits.

(a) 00-25 Claims	(b) 26-50 Claims	(c) 51-100 Claims	(d) 101-500 Claims	(e) More than 500 Claims
X				

Indicate whether claim count information is disclosed per claim or per claimant:

(f) Per Claim [X] (g) Per Claimant []

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

No significant changes

B. Lessor Leasing Arrangements

Not applicable

NOTES TO FINANCIAL STATEMENTS

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

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>Net Asset 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	\$ 211,606,533	\$ -	\$211,606,533	\$ 211,606,533	\$ -	\$ -
Exempt Money Market Mutual Funds – as Identified by SVO	\$ -	\$246,052,835	\$246,052,835	\$ -	\$ -	\$ -
Other Cash Equivalents	\$ 106,359,024	\$ -	\$106,359,024	\$ 106,359,024	\$ -	\$ -
Total Cash Equivalents	\$ 317,965,557	\$246,052,835	\$564,018,392	\$ 317,965,557	\$ -	\$ -

D. Items for which Not Practicable to Estimate Fair Values

Not applicable

Note 21 – Other Items

A. Unusual or Infrequent Items

See Note 13

B. Troubled Debt Restructuring for Debtors

Not applicable

C. Other Disclosures

None

D. Business Interruption Insurance Recoveries

Not applicable

NOTES TO FINANCIAL STATEMENTS

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 2019 and 2018 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.

Management of Risk Related To:

<u>Management of Risk Related To:</u>	<u>Number of Outstanding Contracts</u>	<u>Aggregate Maximum Proceeds</u>
(1) Directly Written Insurance Risks		
a. ILS Contracts as Issuer	-	-
b. ILS Contracts as Ceding Insurer	3	\$1,000,000,000
c. ILS Contracts as Counterparty	-	-
(2) Assumed Insurance Risks		
a. ILS Contracts as Issuer	-	-
b. ILS Contracts as Ceding Insurer	-	-
c. ILS Contracts as Counterparty	-	-

Note 22 – Events Subsequent

The Association has evaluated subsequent events occurring after June 30, 2019, the date of the most recent balance sheet, through the issuance of the financial statements. In accordance with direction received from the Association board of directors at the May 7, 2019 board meeting, the Association closed on a \$500 million committed line of credit with a bank on July 1, 2019. The credit facility is structured to provide the Association with additional liquidity to quickly pay losses and loss adjustment expenses in the event of a catastrophe during the 2019 hurricane season. If the line of credit is used, the loan is anticipated to be repaid from proceeds of post-event class 1 public securities.

Note 23 - Reinsurance

A. Unsecured Reinsurance Recoverables

The Association has 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.

N A I C Code	Federal ID #	Name of Reinsurer	Amount
26921	22-2005057	Everest Reinsurance Company	1,281,477
	AA-3190339	Renaissance Reinsurance Ltd.	400,712
	AA-3191388	Vermeer Reinsurance Ltd.	320,369
	AA-1127414	Lloyd's Underwriter Syndicate No. 1414 ASC	320,369
	AA-3194122	DaVinci Reinsurance Limited	266,547
	AA-3190870	Validus Reinsurance, Ltd.	256,295
	AA-3194126	Arch Reinsurance Ltd	192,222
23680	47-0698507	Odyssey Reinsurance Company	192,222
	AA-1127084	Lloyd's Underwriter Syndicate No. 1084 CSL	192,222
	AA-3194139	AXIS Specialty Limited	182,995
	AA-3191352	Ascot Reinsurance Company Limited	171,718
	AA-3190932	Argo Re Limited	166,592
	AA-3190686	Partner Reinsurance Company Ltd.	153,777
	AA-3190770	Chubb Tempest Reinsurance Ltd.	128,148
	AA-3190829	Markel Bermuda Limited	128,148
	AA-1240051	QBE Europe SA / NV	128,148
	AA-1120102	Lloyd's Underwriter Syndicate No. 1458 RNR	108,926
	AA-3194168	Aspen Bermuda Limited	102,518

NOTES TO FINANCIAL STATEMENTS

	AA-3191289	Fidelis Insurance Bermuda Limited	102,518
	AA-1128791	Lloyd's Underwriter Syndicate No. 2791 MAP	96,111
	AA-1127183	Lloyd's Underwriter Syndicate No. 1183 TAL	95,086
	AA-1464104	Allianz Risk Transfer AG (Nephila business)	91,497
	AA-3191190	Hamilton Re, Ltd.	90,600
	AA-1120156	Lloyd's Underwriter Syndicate No. 1686 AXS	89,703
	AA-1126004	Lloyd's Underwriter Syndicate No. 4444 CNP	85,218
10677	31-0542366	The Cincinnati Insurance Company	83,296
	AA-3191295	Third Point Reinsurance (USA) Ltd.	83,296
19453	13-5616275	Transatlantic Reinsurance Company	70,481
	AA-3190875	Hiscox Insurance Company (Bermuda) Limited	64,074
	AA-3191315	XL Bermuda Ltd	64,074
	AA-1120175	Fidelis Underwriting Limited	64,074
	AA-1120075	Lloyd's Underwriter Syndicate No. 4020 ARK	64,074
	AA-1340125	Hannover Re	5,324,424
	AA-1464104	Allianz Risk Transfer AG	53,309
	AA-1340125	Hannover Rück SE	53,309
	AA-1126566	Lloyd's Underwriter Syndicate No. 0566 STN	51,259
	AA-1120097	Lloyd's Underwriter Syndicate No. 2468 NEO	51,259
	AA3191376	Cerulean Re SAC Ltd.	48,696
42307	13-3138390	Navigators Insurance Company	45,749
10219	23-1641984	QBE Reinsurance Corporation	42,289
	AA-9240012	China Property & Casualty Reinsurance Company Ltd	38,444
25364	13-1675535	Swiss Reinsurance America Corporation	37,163
	AA-1340125	Hannover Rück SE (Credit)	35,881
22039	13-2673100	General Reinsurance Corporation	35,241
	AA-1128001	Lloyd's Underwriter Syndicate No. 2001 AML	32,037
	AA-1460100	New Reinsurance Company Ltd.	32,037
	AA-5340660	The New India Assurance Company Limited	32,037
	AA-3194126	Arch Reinsurance Ltd (Quantedge)	30,499
	AA-1128003	Lloyd's Underwriter Syndicate No. 2003 XLC	28,192
	AA-8310006	Kelvin Re Limited	25,630
	AA-1340125	Hannover Rück SE (Eskatos business)	23,067
	AA-1120084	Lloyd's Underwriter Syndicate No. 1955 BAR	23,067
	AA-5420050	Korean Reinsurance Company	19,222
	AA-1340125	Hannover Rück SE	17,300
	AA-1120085	Lloyd's Underwriter Syndicate No. 1274 AUL	17,300
	AA-8310008	Humboldt Re Limited	15,378
	AA-1120097	Lloyd's Underwriter Syndicate No. 2468 NEON	12,815
	AA-5324100	Taiping Reinsurance Company Limited	12,815
14568	46-1168622	Maison Insurance Company	1,059
15545	47-1005834	Woodlands Insurance Company	2,044
10969	59-5360143	United Property & Casualty Insurance Company	7,529
14930	90-0797817	Weston Insurance Company	124,151
15341	46-3943172	SafePoint Insurance Company	4,700

B. Reinsurance Recoverables in Dispute

The Association does not have reinsurance recoverable 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.

NOTES TO FINANCIAL STATEMENTS

	Assumed		Ceded		Assumed Less Ceded	
	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
a. Affiliates						
b. All other			\$75,186,325	\$ 2,141,013	(\$ 75,186,325)	(\$2,141,013)
c. Totals			\$75,186,325	\$ 2,141,013	(\$ 75,186,325)	(\$2,141,013)
d. Direct Unearned Premium Reserve			\$193,223,021			

2. 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.
3. The Association does not use protected cells as an alternative to traditional reinsurance.

D. Uncollectible Reinsurance

None

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

Note 25 – Changes in Incurred Losses and Loss Adjustment Expenses

	2Q YTD 2019	Year End 2018
Balance as of January 1,	\$ 200,857,903	\$ 415,213,261
Less: Reinsurance Recoverable	78,260	478,995
Net Balance at January 1,	200,779,643	414,734,266
Incurred, net of reinsurance, related to:		
Current year	17,473,845	19,442,605
Prior years	89,084,101	156,555,247
Net Incurred	106,557,946	175,997,852
Paid, net of reinsurance, related to:		
Current year	(8,726,156)	(14,070,091)
Prior years	(65,693,953)	(375,882,384)
Net Paid Losses	(74,420,109)	(389,952,475)
Net Balance at period end	232,917,480	200,779,643
Plus: Reinsurance Recoverable	94,046	78,260
Balance at period end	\$ 233,011,526	\$ 200,857,903

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 calendar year losses and LAE reflected on the Statement of Income of \$106,557,946 are higher by

NOTES TO FINANCIAL STATEMENTS

\$89,084,101 due to unfavorable development of prior year estimates, primarily due to an increase in Hurricane Harvey development. The Association was impacted by Hurricane Harvey in 2017. Ultimate loss and loss adjustment expenses from Hurricane Harvey are estimated to be approximately \$1,700,000,000 as of June 30, 2019, an increase of \$90,000,000 from December 31, 2018 due to the severity of claims development. 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 appointed actuary for the Association has opined that the loss and LAE reserves as of June 30, 2019 make a reasonable provision for Texas Windstorm Insurance Association's claim liabilities.

B. Not applicable

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 2019.

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

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

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

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

2.2 If yes, date of change: _____

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

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

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

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

3.4 Is the reporting entity publicly traded or a member of a publicly traded group? Yes [] No [X]

3.5 If the response to 3.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group _____ N/A _____

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

If yes, complete and file the merger history data file with the NAIC for the annual filing corresponding to this period.

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

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

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

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. _____ 12/31/2017 _____

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. _____ 12/31/2017 _____

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). _____ 02/12/2019 _____

6.4 By what department or departments?
 Texas Department of Insurance

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

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

GENERAL INTERROGATORIES

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

7.2 If yes, give full information

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

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

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

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

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

9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?
 (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 (c) Compliance with applicable governmental laws, rules, and regulations;
 (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 (e) Accountability for adherence to the code. Yes [X] No []

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

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

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

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

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

FINANCIAL

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

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

GENERAL INTERROGATORIES

INVESTMENT

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

11.2 If yes, give full and complete information relating thereto:
 Monies held at the Texas Treasury Safekeeping Trust Company are restricted for hurricane losses or debt service for the 2014 bonds. See footnotes 5 and 11 in the 2019 Quarterly Statement for additional information.

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

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

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

14.2 If yes, please complete the following:

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

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

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

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

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

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

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

1 Name of Custodian(s)	2 Custodian Address

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

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

GENERAL INTERROGATORIES

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter?

Yes [] No [X]

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

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

17.5 Investment management - Identify all investment advisors, investment managers, broker/dealers. Including individuals that have the authority to make investments decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["..that have access to the investment accounts";"..handle securities"]

1 Name of Firm or Individual	2 Affiliation
John Polak	I
Jerome Fadden	I

17.5097 For those firms/individuals listed in the table for Question 17.5, do any firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") manage more than 10% of the reporting entity's assets?

Yes [] No [X]

17.5098 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") listed in the table for Question 17.5, the total assets under management aggregate to more than 50% of the reporting entity's assets?

Yes [] No [X]

17.6 For those firms or individuals listed in the table for 17.5 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed

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

Yes [X] No []

18.2 If no, list exceptions:

.....

19. By self-designating 5GI securities, the reporting entity is certifying the following elements for each self-designated 5GI security:

- a. Documentation necessary to permit a full credit analysis of the security does not exist. or an NAIC CRP credit rating for an FE or PL security is not available.
- b. Issuer or obligor is current on all contracted interest and principal payments.
- c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

Has the reporting entity self-designated 5GI securities?

Yes [] No [X]

20. By self-designating PLGI securities, the reporting entity is certifying the following elements of each self-designated PLGI security:

- a. The security was purchased prior to January 1, 2018.
- b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
- c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as a NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.
- d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.

Has the reporting entity self-designated PLGI securities?

Yes [] No [X]

GENERAL INTERROGATORIES

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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

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

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

3.2 If yes, give full and complete information thereto:

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

4.2 If yes, complete the following schedule:

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

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

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

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

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

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

7. Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states? Yes [] No [X]

7.1 If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity Yes [] No [X]

SCHEDULE F - CEDED REINSURANCE

Showing All New Reinsurers - Current Year to Date

1 NAIC Company Code	2 ID Number	3 Name of Reinsurer	4 Domiciliary Jurisdiction	5 Type of Reinsurer	6 Certified Reinsurer Rating (1 through 6)	7 Effective Date of Certified Reinsurer Rating
		U.S. Insurers				
22039	13-2673100	General Reinsurance Corporation	DE	Authorized		
		All Other Insurers				
0	AA-3191295	Third Point Reinsurance (USA) Ltd.	BMU	Unauthorized		
0	AA-1240051	QBE Europe SA / NV	BEL	Unauthorized		
0	AA-3191388	Vermeer Reinsurance Ltd.	BMU	Unauthorized		
0	AA3191376	Cerulean Re SAC Ltd.	BMU	Unauthorized		
0	AA-1460100	New Reinsurance Company Ltd.	CHE	Certified	2	04/04/2019

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year To Date - Allocated by States and Territories

States, Etc.	1 Active Status (a)	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid		
		2 Current Year to Date	3 Prior Year to Date	4 Current Year to Date	5 Prior Year to Date	6 Current Year to Date	7 Prior Year to Date	
1. Alabama	AL	N						
2. Alaska	AK	N						
3. Arizona	AZ	N						
4. Arkansas	AR	N						
5. California	CA	N						
6. Colorado	CO	N						
7. Connecticut	CT	N						
8. Delaware	DE	N						
9. District of Columbia	DC	N						
10. Florida	FL	N						
11. Georgia	GA	N						
12. Hawaii	HI	N						
13. Idaho	ID	N						
14. Illinois	IL	N						
15. Indiana	IN	N						
16. Iowa	IA	N						
17. Kansas	KS	N						
18. Kentucky	KY	N						
19. Louisiana	LA	N						
20. Maine	ME	N						
21. Maryland	MD	N						
22. Massachusetts	MA	N						
23. Michigan	MI	N						
24. Minnesota	MN	N						
25. Mississippi	MS	N						
26. Missouri	MO	N						
27. Montana	MT	N						
28. Nebraska	NE	N						
29. Nevada	NV	N						
30. New Hampshire	NH	N						
31. New Jersey	NJ	N						
32. New Mexico	NM	N						
33. New York	NY	N						
34. North Carolina	NC	N						
35. North Dakota	ND	N						
36. Ohio	OH	N						
37. Oklahoma	OK	N						
38. Oregon	OR	N						
39. Pennsylvania	PA	N						
40. Rhode Island	RI	N						
41. South Carolina	SC	N						
42. South Dakota	SD	N						
43. Tennessee	TN	N						
44. Texas	TX	L	190,706,010	204,260,934	56,991,603	213,612,110	174,305,693	252,626,814
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	X X X		190,706,010	204,260,934	56,991,603	213,612,110	174,305,693	252,626,814

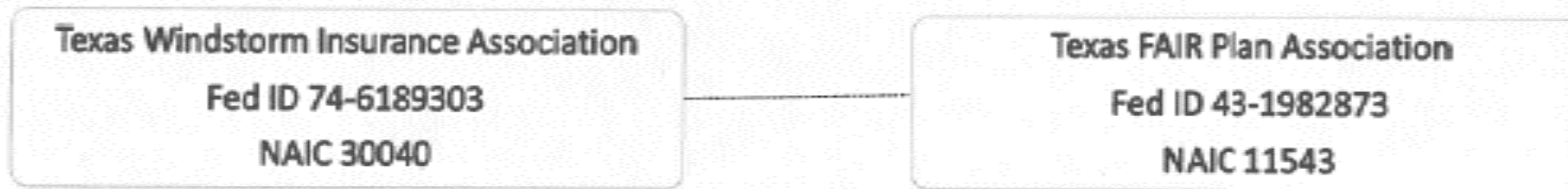
DETAILS OF WRITE-INS							
58001.		X X X					
58002.		X X X					
58003.		X X X					
58998.	Summary of remaining write-ins for Line 58 from overflow page	X X X					
58999.	Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X					

NONE

- (a) Active Status Counts
- L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG 1
 - E - Eligible - Reporting entities eligible or approved to write surplus lines in the state _____
 - D - Domestic Surplus Lines Insurer (DSL) - Reporting entities authorized to write surplus lines in the state of domicile _____
 - R - Registered - Non-domiciled RRGs _____
 - Q - Qualified - Qualified or accredited reinsurer _____
 - N - None of the above - Not allowed to write business in the state (other than their state of domicile - See DSLI) 56

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

PART 1 - ORGANIZATIONAL CHART



PART 1 – LOSS EXPERIENCE

Lines of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire				
2. Allied lines	192,532,938	74,060,721	38.5	51.9
3. Farmowners multiple peril				
4. Homeowners multiple peril				
5. Commercial multiple peril				
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine				
10. Financial guaranty				
11.1 Medical professional liability-occurrence				
11.2 Medical professional liability-claims made				
12. Earthquake				
13. Group accident and health				
14. Credit accident and health				
15. Other accident and health				
16. Workers' compensation				
17.1 Other liability-occurrence				
17.2 Other liability-claims made				
17.3 Excess Workers' Compensation				
18.1 Products liability-occurrence				
18.2 Products liability-claims made				
19.1, 19.2 Private passenger auto liability				
19.3, 19.4 Commercial auto liability				
21. Auto physical damage				
22. Aircraft (all perils)				
23. Fidelity				
24. Surety				
26. Burglary and theft				
27. Boiler and machinery				
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-Nonproportional Assumed Property	XXX	XXX	XXX	XXX
32. Reinsurance-Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
33. Reinsurance-Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business				
35. TOTALS	192,532,938	74,060,721	38.5	51.9

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

PART 2 – DIRECT PREMIUMS WRITTEN

Lines of Business	1	2	3
	Current Quarter	Current Year to Date	Prior Year Year to Date
1. Fire			
2. Allied lines	115,929,086	190,706,010	204,260,934
3. Farmowners multiple peril			
4. Homeowners multiple peril			
5. Commercial multiple peril			
6. Mortgage guaranty			
8. Ocean marine			
9. Inland marine			
10. Financial guaranty			
11.1 Medical professional liability-occurrence			
11.2 Medical professional liability-claims made			
12. Earthquake			
13. Group accident and health			
14. Credit accident and health			
15. Other accident and health			
16. Workers' compensation			
17.1 Other liability-occurrence			
17.2 Other liability-claims made			
17.3 Excess Workers' Compensation			
18.1 Products liability-occurrence			
18.2 Products liability-claims made			
19.1, 19.2 Private passenger auto liability			
19.3, 19.4 Commercial auto liability			
21. Auto physical damage			
22. Aircraft (all perils)			
23. Fidelity			
24. Surety			
26. Burglary and theft			
27. Boiler and machinery			
28. Credit			
29. International			
30. Warranty			
31. Reinsurance-Nonproportional Assumed Property	XXX	XXX	XXX
32. Reinsurance-Nonproportional Assumed Liability	XXX	XXX	XXX
33. Reinsurance-Nonproportional Assumed Financial Lines	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business			
35. TOTALS	115,929,086	190,706,010	204,260,934

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

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	2019 Loss and LAE Payments on Claims Reported as of Prior Year-End	2019 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2019 Loss and LAE Payments (Cols 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year-End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year-End	Q.S. Date IBNR Loss & LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols 7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 4 + 7 - 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 5 + 8 + 9 - 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/Deficiency (Cols. 11 + 12)
1. 2016 + prior	3,972	21,638	25,610	668		668	3,784		20,562	24,346	480	(1,076)	(596)
2. 2017	72,786	97,011	169,797	61,752		61,752	69,572		128,203	197,775	58,538	31,192	89,730
3. Subtotals 2017 + prior	76,758	118,649	195,407	62,420		62,420	73,356		148,765	222,121	59,018	30,116	89,134
4. 2018	1,349	4,024	5,373	1,361	1,913	3,274	647	148	1,253	2,048	659	(710)	(51)
5. Subtotals 2018 + prior	78,107	122,673	200,780	63,781	1,913	65,694	74,003	148	150,018	224,169	59,677	29,406	89,083
6. 2019	X X X	X X X	X X X	X X X	8,726	8,726	X X X	1,536	7,211	8,747	X X X	X X X	X X X
7. Totals	78,107	122,673	200,780	63,781	10,639	74,420	74,003	1,684	157,229	232,916	59,677	29,406	89,083

8. Prior Year-End Surplus As Regards Policyholders

(277,864)

Col. 11, Line 7	Col. 12, Line 7	Col. 13, Line 7
As % of Col. 1,	As % of Col. 2,	As % of Col. 3,
Line 7	Line 7	Line 7
1. <u>76.404</u>	2. <u>23.971</u>	3. <u>44.368</u>
		Col. 13, Line 7
		Line 8
		4. <u>-32.060</u>

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

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

Explanation:

- Question 1: Not required.

- Question 2: TWIA does not provide medical professional liability coverage.

- Question 3: TWIA does not provide Medicare Part D coverage.

- Question 4: TWIA does not write Director and Officer Insurance

Bar Code:



30040201949000020



30040201945500020



30040201936500020



30040201950500020

OVERFLOW PAGE FOR WRITE-INS

Page 2 - Continuation

ASSETS

	Current Year			Prior Year
	1	2	3	4
REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR OTHER THAN INVESTED ASSETS	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
2504. Accounts Receivable - Premium Finance	99,081		99,081	
2505. Due from Depop Carriers - Assumption	775		775	11,774
2506. Prepaid Reinsurance				61,170
2597. Totals (Lines 2501 through 2596) (Page 2, Line 2598)	99,856		99,856	72,944

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 Statement Date	December 31, Prior Year
2504. Lease incentive obligation	440,459	503,381
2505. Escheat funds	257,630	943,271
2506. Due to Depop Carriers - Assumption	177,254	
2507. Statutory fund payable		110,589,883
2597. Totals (Lines 2504 through 2596) (Page 3, Line 2598)	875,343	112,036,535

- NONE Schedule A, B, BA and D Verification**
- NONE Schedule D - Part 1B**
- NONE Schedule DA - Part 1 and 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 PART 2 - VERIFICATION

(Cash Equivalents)

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	381,519,678	466,386,945
2. Cost of cash equivalents acquired	29,492,043	102,270,124
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals	58,599,862	187,137,391
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)	352,411,859	381,519,678
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	352,411,859	381,519,678

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

NONE **Trusted Surplus Statement**

NONE **Medicare Part D**

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



30040201945000020

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

States, Etc.	1 Direct Premiums Written	2 Direct Premiums Earned	Direct Losses Paid		5 Direct Losses Incurred	Direct Losses Unpaid		8 Direct Losses Incurred But Not Reported
			3 Amount	4 Number of Claims		6 Amount Reported	7 Number of Claims	
1. Alabama	0	0	0	0	0	0	0	0
2. Alaska	0	0	0	0	0	0	0	0
3. Arizona	0	0	0	0	0	0	0	0
4. Arkansas	0	0	0	0	0	0	0	0
5. California	0	0	0	0	0	0	0	0
6. Colorado	0	0	0	0	0	0	0	0
7. Connecticut	0	0	0	0	0	0	0	0
8. Delaware	0	0	0	0	0	0	0	0
9. District of Columbia	0	0	0	0	0	0	0	0
10. Florida	0	0	0	0	0	0	0	0
11. Georgia	0	0	0	0	0	0	0	0
12. Hawaii	0	0	0	0	0	0	0	0
13. Idaho	0	0	0	0	0	0	0	0
14. Illinois	0	0	0	0	0	0	0	0
15. Indiana	0	0	0	0	0	0	0	0
16. Iowa	0	0	0	0	0	0	0	0
17. Kansas	0	0	0	0	0	0	0	0
18. Kentucky	0	0	0	0	0	0	0	0
19. Louisiana	0	0	0	0	0	0	0	0
20. Maine	0	0	0	0	0	0	0	0
21. Maryland	0	0	0	0	0	0	0	0
22. Massachusetts	0	0	0	0	0	0	0	0
23. Michigan	0	0	0	0	0	0	0	0
24. Minnesota	0	0	0	0	0	0	0	0
25. Mississippi	0	0	0	0	0	0	0	0
26. Missouri	0	0	0	0	0	0	0	0
27. Montana	0	0	0	0	0	0	0	0
28. Nebraska	0	0	0	0	0	0	0	0
29. Nevada	0	0	0	0	0	0	0	0
30. New Hampshire	0	0	0	0	0	0	0	0
31. New Jersey	0	0	0	0	0	0	0	0
32. New Mexico	0	0	0	0	0	0	0	0
33. New York	0	0	0	0	0	0	0	0
34. North Carolina	0	0	0	0	0	0	0	0
35. North Dakota	0	0	0	0	0	0	0	0
36. Ohio	0	0	0	0	0	0	0	0
37. Oklahoma	0	0	0	0	0	0	0	0
38. Oregon	0	0	0	0	0	0	0	0
39. Pennsylvania	0	0	0	0	0	0	0	0
40. Rhode Island	0	0	0	0	0	0	0	0
41. South Carolina	0	0	0	0	0	0	0	0
42. South Dakota	0	0	0	0	0	0	0	0
43. Tennessee	0	0	0	0	0	0	0	0
44. Texas	0	0	0	0	0	0	0	0
45. Utah	0	0	0	0	0	0	0	0
46. Vermont	0	0	0	0	0	0	0	0
47. Virginia	0	0	0	0	0	0	0	0
48. Washington	0	0	0	0	0	0	0	0
49. West Virginia	0	0	0	0	0	0	0	0
50. Wisconsin	0	0	0	0	0	0	0	0
51. Wyoming	0	0	0	0	0	0	0	0
52. American Samoa	0	0	0	0	0	0	0	0
53. Guam	0	0	0	0	0	0	0	0
54. Puerto Rico	0	0	0	0	0	0	0	0
55. US Virgin Islands	0	0	0	0	0	0	0	0
56. Northern Mariana Islands	0	0	0	0	0	0	0	0
57. Canada	0	0	0	0	0	0	0	0
58. Aggregate Other Alien	0	0	0	0	0	0	0	0
59. Totals	0	0	0	0	0	0	0	0

NONE

DETAILS OF WRITE-INS								
58001.	0	0	0	0	0	0	0	0
58002.	0	0	0	0	0	0	0	0
58003.	0	0	0	0	0	0	0	0
58998. Summary of remaining write-ins for Line 58 from overflow page	0	0	0	0	0	0	0	0
58999. Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	0	0	0	0	0	0	0	0

NONE



30040201950500102

DIRECTOR AND OFFICER INSURANCE COVERAGE SUPPLEMENT

Year To Date For The Period Ended 2019

NAIC Group Code 4766

NAIC Company Code 30040

Company Name Texas Windstorm Insurance Association

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

1. Monoline Policies

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

2. Commercial Multiple Peril (CMP) Packaged Policies

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

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

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

2.31 Amount quantified: \$ _____

2.32 Amount estimated using reasonable assumptions: \$ _____

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