

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

September 30, 2020

PROPERTY AND CASUALTY

2020



30040202020100103

QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2020
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

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

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

Main Administrative Office 5700 S. Mopac Bldg A, Austin, TX US 78749

Mail Address P.O. Box 99090, Austin, TX US 78709

Primary Location of Books and Records 5700 S. Mopac Bldg A, Austin, TX US 78749

Internet Website Address https://www.twia.org/

Statutory Statement Contact Allen David Fulkerson, 512-899-4988

afulkerson@twia.org, 512-899-4952

OFFICERS

Chandra Franklin Womack #

Table with 2 columns: Name, Title. Lists John William Polak (General Manager), Georgia Rutherford Neblett # (Vice Chairman), Corise Morrison (Secretary-Treasurer), Jerome Tonra Fadden (Chief Financial Officer).

VICE-PRESIDENTS

Table with 4 columns: Name, Title, Name, Title. Lists 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. Lists Karen Guard (Corise Morrison), Georgia Rutherford Neblett (Chandra Franklin Womack), Ron Walenta # (Tony Schrader), Michael Frank Gerik (Tim Garrett #).

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) John William Polak
(Printed Name)
1. General Manager
(Title)

(Signature) Jerome Tonra Fadden
(Printed Name)
2. Chief Financial Officer
(Title)

Subscribed and sworn to before me this ___ day of ___, 2020

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

Signature: John Polak
Email: jpolak@twia.org

Signature: Jerry Fadden
Email: jfadden@twia.org







TWIA Q3 QJURAT for review

Final Audit Report

2020-10-19

Created:	2020-10-19
By:	Rachel Wang (rwang@twia.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAAGY-PWOHFig_bEv9QltzC16hZ_9v2lj5v

"TWIA Q3 QJURAT for review" History

-  Document created by Rachel Wang (rwang@twia.org)
2020-10-19 - 3:11:47 PM GMT- IP address: 207.191.16.225
-  Document emailed to John Polak (jpolak@twia.org) for signature
2020-10-19 - 3:11:50 PM GMT
-  Email viewed by John Polak (jpolak@twia.org)
2020-10-19 - 3:13:51 PM GMT- IP address: 136.49.7.83
-  Document e-signed by John Polak (jpolak@twia.org)
Signature Date: 2020-10-19 - 3:14:07 PM GMT - Time Source: server- IP address: 136.49.7.83
-  Document emailed to Jerry Fadden (jfadden@twia.org) for signature
2020-10-19 - 3:14:08 PM GMT
-  Email viewed by Jerry Fadden (jfadden@twia.org)
2020-10-19 - 3:22:46 PM GMT- IP address: 24.170.105.19
-  Document e-signed by Jerry Fadden (jfadden@twia.org)
Signature Date: 2020-10-19 - 3:23:05 PM GMT - Time Source: server- IP address: 24.170.105.19
-  Agreement completed.
2020-10-19 - 3:23:05 PM GMT



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 (\$ 194,868,555), cash equivalents (\$ 298,361,255), and short-term investments (\$ 0)	493,229,810		493,229,810	514,611,122
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)	493,229,810		493,229,810	514,611,122
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	3,019		3,019	215,780
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	497,827	154,371	343,456	116,418
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	7,708		7,708	6,826
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	2,512,509	2,512,509		
21. Furniture and equipment, including health care delivery assets (\$ 0)	498,778	498,778		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	1,253,769		1,253,769	1,075,625
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other-than-invested assets	4,847,172	4,789,064	58,108	90,091,033
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	502,850,592	7,954,722	494,895,870	606,116,804
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	502,850,592	7,954,722	494,895,870	606,116,804

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	2,477,942	2,477,942		
2502. Member Assessment Receivable	2,199,241	2,199,241		90,000,000
2503. Security deposit - lease	111,881	111,881		
2598. Summary of remaining write-ins for Line 25 from overflow page	58,108		58,108	91,033
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	4,847,172	4,789,064	58,108	90,091,033

NONE

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Statement Date	December 31, Prior Year
1. Losses (current accident year \$ 29,527,813)	119,049,474	131,861,792
2. Reinsurance payable on paid losses and loss adjustment expenses		
3. Loss adjustment expenses	37,762,929	37,268,229
4. Commissions payable, contingent commissions and other similar charges	5,079,486	3,607,624
5. Other expenses (excluding taxes, licenses and fees)	7,668,618	5,667,291
6. Taxes, licenses and fees (excluding federal and foreign income taxes)		686,629
7.1. Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))		
7.2. Net deferred tax liability		
8. Borrowed money \$ 227,200,000 and interest thereon \$ 4,686,000	231,886,000	331,742,250
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ 35,817,173 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)	168,048,943	185,495,369
10. Advance premium	10,769,765	6,588,932
11. Dividends declared and unpaid:		
11.1. Stockholders		
11.2. Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	49,860,560	22,381,265
13. Funds held by company under reinsurance treaties		178,745
14. Amounts withheld or retained by company for account of others		
15. Remittances and items not allocated	906,427	2,934,010
16. Provision for reinsurance (including \$ 0 certified)		
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	8,052,087	61,496,446
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	639,084,289	789,908,582
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	639,084,289	789,908,582
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)	(144,188,419)	(183,791,778)
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)	(144,188,419)	(183,791,778)
38. Totals (Page 2, Line 28, Col. 3)	494,895,870	606,116,804

DETAILS OF WRITE-IN LINES		
2501. Pension benefits liability	6,887,665	6,887,665
2502. Deferred rent liability	324,364	406,157
2503. Surcharge payable	320,833	227,134
2598. Summary of remaining write-ins for Line 25 from overflow page	519,225	53,975,490
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	8,052,087	61,496,446
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page	NONE	
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	NONE	
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 \$ 294,881,197)	276,510,450	287,595,253	381,571,182
1.2 Assumed (written \$ 0)			
1.3 Ceded (written \$ 108,191,918)	72,374,745	61,604,939	94,094,444
1.4 Net (written \$ 186,689,279)	204,135,705	225,990,314	287,476,738
DEDUCTIONS:			
2. Losses incurred (current accident year \$ 53,635,269):			
2.1 Direct	50,086,556	86,784,529	86,725,260
2.2 Assumed			
2.3 Ceded	112,141	90,543	70,511
2.4 Net	49,974,415	86,693,986	86,654,749
3. Loss adjustment expenses incurred	22,615,958	28,181,556	26,742,763
4. Other underwriting expenses incurred	70,027,422	72,634,576	92,414,790
5. Aggregate write-ins for underwriting deductions		21,354,420	52,641,201
6. Total underwriting deductions (Lines 2 through 5)	142,617,795	208,864,538	258,453,503
7. Net income of protected cells			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	61,517,910	17,125,776	29,023,235
INVESTMENT INCOME			
9. Net investment income earned	(18,056,738)	(16,806,773)	(22,117,196)
10. Net realized capital gains (losses) less capital gains tax of \$ 0			
11. Net investment gain (loss) (Lines 9 + 10)	(18,056,738)	(16,806,773)	(22,117,196)
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	90,042,566
15. Total other income (Lines 12 through 14)		42,566	90,042,566
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	43,461,172	361,569	96,948,605
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)	43,461,172	361,569	96,948,605
19. Federal and foreign income taxes incurred			
20. Net income (Line 18 minus Line 19) (to Line 22)	43,461,172	361,569	96,948,605
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	(183,791,778)	(277,864,197)	(277,864,197)
22. Net income (from Line 20)	43,461,172	361,569	96,948,605
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	(3,857,813)	(1,540,584)	135,477
28. Change in provision for reinsurance			
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			(3,011,663)
38. Change in surplus as regards policyholders (Lines 22 through 37)	39,603,359	(1,179,015)	94,072,419
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	(144,188,419)	(279,043,212)	(183,791,778)

DETAILS OF WRITE-IN LINES			
0501. Statutory fund expense		21,354,420	52,641,201
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)		21,354,420	52,641,201
1401. Member Assessment Income			90,000,000
1402. Other income (loss)		42,566	42,566
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	90,042,566
3701. Pension unassigned funds - unrecognized losses			(3,011,663)
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)			(3,011,663)

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	218,734,501	229,529,730	280,264,406
2. Net investment income	(19,333,491)	(18,107,052)	(23,323,762)
3. Miscellaneous income	90,000,000	42,566	42,566
4. Total (Lines 1 to 3)	289,401,010	211,465,244	256,983,210
5. Benefit and loss related payments	63,524,221	87,130,211	111,977,298
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions	140,568,204	204,892,655	234,448,054
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)	204,092,425	292,022,866	346,425,352
11. Net cash from operations (Line 4 minus Line 10)	85,308,585	(80,557,622)	(89,442,142)
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	(99,856,250)	(58,529,500)	(51,958,375)
16.4 Net deposits on deposit-type contracts and other insurance liabilities			
16.5 Dividends to stockholders			
16.6 Other cash provided (applied)	(6,833,647)	(4,101,301)	(115,719)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(106,689,897)	(62,630,801)	(52,074,094)
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)	(21,381,312)	(143,188,423)	(141,516,236)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	514,611,122	656,127,358	656,127,358
19.2 End of period (Line 18 plus Line 19.1)	493,229,810	512,938,935	514,611,122

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 (The “Association” or “TWIA”) have been prepared on the basis of accounting practices prescribed or permitted by the Texas Department of Insurance (“TDI”). 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’ Accounting Practices and Procedures Manual (“NAIC SAP”) subject to any deviations prescribed or permitted by TDI.

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

Net Income	SSAP #	F/S Page	F/S Line #	September 30, 2020	December 31, 2019
1. Company state basis (P 4, Line 20, Columns 1 & 3)	XXX	XXX	XXX	\$43,461,172	\$96,948,605
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	\$43,461,172	\$96,948,605

Surplus	SSAP #	F/S Page	F/S Line #	September 30, 2020	December 31, 2019
5. Company state basis (Page 3, Line 37, Columns 1 & 2)	XXX	XXX	XXX	(\$144,188,419)	(\$183,791,778)
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	\$66,162,812	\$82,016,050
8. NAIC SAP (5 – 6 – 7 = 8)	XXX	XXX	XXX	(\$210,351,231)	(\$ 265,807,828)

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 September 30, 2020 (see Note 11 - Debt) to the extent that the assets do not exceed bond related liabilities. The detailed amounts are as follows:

- \$66,162,812 held in the obligation revenue fund for repayment of the Series 2014 bonds.

The obligation revenue funds are held in trust and restricted for future debt service obligations.

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 accompanying footnotes. Actual results could differ from these estimates.

C. Accounting Policies

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 policies:

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

NOTES TO FINANCIAL STATEMENTS

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

Based upon its evaluation of relevant conditions and events, management does not have substantial doubt about the Association's ability to continue as a going concern.

Note 2 – Accounting Changes and Correction of Errors

A. Material Changes in Accounting Principle

None

B. Correction of Errors

Not applicable

Note 3 – Business Combinations and Goodwill

Not applicable

Note 4 – Discontinued Operations

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 in 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 \$66,162,812 and \$82,016,050 at September 30, 2020 and December 31, 2019, 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	
b. Tri-Party (YES/NO)	YES	YES	YES	

3. Original (Flow) & Residual Maturity

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount				
1. Open -- No Maturity	\$ -	\$ -	\$ -	\$ -
2. Overnight	89,234,609	108,266,825	66,162,812	-
3. 2 Days to 1 Week	-	-	-	-
4. > 1 Week to 1 Month	-	-	-	-
5. > 1 Month to 3 Months	-	-	-	-
6. > 3 Months to 1 Year	-	-	-	-
7. > 1 Year	-	-	-	-

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
b. Ending Balance				
1. Open -- No Maturity	\$ -	\$ -	\$ -	\$ -
2. Overnight	89,234,609	108,266,825	66,162,812	-
3. 2 Days to 1 Week	-	-	-	-
4. > 1 Week to 1 Month	-	-	-	-
5. > 1 Month to 3 Months	-	-	-	-
6. > 3 Months to 1 Year	-	-	-	-
7. > 1 Year	-	-	-	-

4. Counterparty, Jurisdiction and Fair Value (FV)

No Defaults, non applicable.

5. Securities Acquired Under Repo - Sale

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount				
1. BACV	X X X	X X X	X X X	-
2. Nonadmitted -- Subset of BACV	X X X	X X X	X X X	-
3. Fair value	\$ 89,234,609	\$108,266,825	\$66,162,812	-

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
b. Ending Balance				
1. BACV	X X X	X X X	X X X	-
2. Nonadmitted -- Subset of BACV	X X X	X X X	X X X	-
3. Fair value	\$ 89,234,609	\$108,266,825	\$66,162,812	-

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
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	-	\$66,162,812	-	-
o. Other Invested Assets -- FV	-	\$66,162,812	-	-
p. Total Assets -- BACV	-	\$66,162,812	-	-
q. Total Assets -- FV	-	\$66,162,812	-	-

Ending Balance	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	-	-	-	-
p. Total Assets -- BACV	-	-	-	-
q. Total Assets -- FV	-	-	-	-

7. Proceeds Provided - Sale

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount				
1. Cash	\$ 89,234,609	\$ 108,266,825	\$ 66,162,812	-
2. Securities (FV)	-	-	-	-
3. Securities (BACV)	X X X	X X X	X X X	-
4. Nonadmitted Subset	X X X	X X X	X X X	\$ -

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
b. Ending Balance				
1. Cash	\$ 89,234,609	\$ 108,266,825	\$ 66,162,812	-
2. Securities (FV)	-	-	-	-
3. Securities (BACV)	X X X	X X X	X X X	-
4. Nonadmitted Subset	X X X	X X X	X X X	\$ -

8. Recognized Forward Resale Commitment

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount	\$ 89,234,609	\$ 108,266,825	\$ 66,162,812	-
b. Ending Balance	\$ 89,234,609	\$ 108,266,825	\$ 66,162,812	-

NOTES TO FINANCIAL STATEMENTS

J. Real Estate

None

K. Low-Income Housing Tax Credits

None

L. Restricted Assets

1. Restricted assets (including pledged) are 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 (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	\$66,162,812				\$66,162,812	\$ 82,016,050	(\$15,853,238)	\$ -	\$66,162,812	13.16%	13.37%
e. to n. None											
o. Total restricted assets	\$66,162,812				\$66,162,812	\$ 82,016,050	(\$15,853,238)	\$ -	\$66,162,812	13.16%	13.37%

- (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. 5GI* Securities

None

P. Short Sales

None

Q. Prepayment Penalty and Acceleration Fees

None

NOTES TO FINANCIAL STATEMENTS

Note 6 – Joint Ventures, Partnerships and Limited Liability Companies

Not applicable

Note 7 – Investment Income

A. Accrued Investment Income

The Association does not admit investment income due and accrued if amounts are over 90 days past due.

B. Amounts Non-Admitted

None

Note 8 – Derivative Instruments

Not applicable

Note 9 – Income Taxes

In 2010, Texas Windstorm Insurance Association (The “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. As of September 30, 2020, there was one vacant position on the Board of Directors, non-seacoast territory representative.

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 2020 and 2019 the Association made expenditures on behalf of the Texas FAIR Plan Association (“the Plan”) under its management contract and was reimbursed \$11,207,873 and \$14,133,008, respectively. As of September 30, 2020 and December 31, 2019, the Association held an intercompany admitted receivable of \$1,253,769 and \$1,075,625, respectively. 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

NOTES TO FINANCIAL STATEMENTS

- 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 Greater 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 or SSAP No. 48 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 \$227,200,000 and \$318,600,000 was outstanding as of September 30, 2020 and December 31, 2019, respectively. The bonds mature July 1, 2024 and can be redeemed in whole or in part 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 associated with the Bonds. 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 125% of the Obligations due in the next calendar year and 125% of 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. As of September 30, 2020, TWIA is reporting to the Authority that it will be under the threshold of Projected Net Coverage Revenues in an amount not less than 125% of the Obligations due in the next calendar year and is reporting its plan for addressing that situation as required. The Projected Net Coverage Revenues are estimated

NOTES TO FINANCIAL STATEMENTS

to be 97% as of September 30, 2020 and are expected to exceed 125% as of December 31, 2020. See Note 22 – Events Subsequent for further information.

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 subject to optional redemption prior to maturity on or after July 1, 2019 at a redemption price equal to the principal amount of bonds to be redeemed plus accrued interest to the date of redemption. On February 18, 2020 the Association Board of Directors approved an early redemption in the amount of \$45 million and directed Association staff to request approval from the Texas Commissioner. On February 24, 2020 the Association received approval from the Texas Commissioner to redeem the requested \$45 million of bond principal. The redemption was completed on May 11, 2020.

At September 30, 2020 and December 31, 2019, the notes had no unamortized premium or discount. Bond issuance costs are expensed as incurred.

Interest expense incurred is recorded as an investment expense and was \$17,312,625 and \$28,342,875 for the nine months ended September 30, 2020 and for the year ended December 31, 2019. Interest expense of \$25,768,875 and \$30,401,250 was paid to bondholders during the nine months ended September 30, 2020 and year ended December 31, 2019, respectively.

Changes in bonds payable for the year ending September 30, 2020:

Description	Bonds Outstanding December 31, 2019	Bonds Issued	Bonds Matured/Redeemed	Bonds Outstanding September 30, 2020
Taxable Series 2014	\$ 318,600,000	\$ -	\$91,400,000	\$ 227,200,000

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

Year	Amount
2021	50,200,000
2022	54,400,000
2023	58,900,000
2024	63,700,000
Thereafter	-
On Demand	-
Total	\$ 227,200,000

The Association has obtained a \$500,000,000 committed line of credit with two of its primary financial institutions during 2020. The line of credit agreement was entered into June 1, 2020 subsequent to the Association's board of directors approval on May 12, 2020. No amounts have been drawn against the line of credit. Issuance fees for the committed line of credit were \$500,000 and the Association pays the lenders a 0.8% commitment fee against the unused portion of the line of credit.

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. In addition, pursuant to Tex. Ins. Code §2210.259, a surcharge is assessed on non-compliant structures insured by the Association, and these surcharges are deposited monthly into the CRTF.

When there is an occurrence or series of occurrences in a catastrophe area, the Association shall pay losses in excess of premium and other revenue of the Association from available reserves of the

NOTES TO FINANCIAL STATEMENTS

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 nine months ended September 30, 2020 and year ending December 31, 2019, statutory fund costs were \$0 and \$52,641,201, respectively, based on the TDI's interpretation of the relevant statutes. TDI's directive requires the Association to determine its net gain from operations based on catastrophe-year incurred losses, rather than calendar year reported losses. Starting at the end of calendar year 2018, the Association is required to use the net gain from operations of the Association to make payments to the CRTF, procure reinsurance, or use alternative risk financing mechanisms. Although amounts held in the CRTF are not presented as an asset in the statutory statements of admitted assets, liabilities, surplus and other funds, once contributed to the CRTF, these funds are 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, 2019 payable to the CRTF of \$52,641,201 was remitted to the TTSTC on March 30, 2020.

In August 2017, the Texas coverage area insured by the Association was struck by Hurricane Harvey. Ultimate loss and 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 Class 1 member assessments up to \$500,000,000. A Class 1 member assessment was approved by the Commissioner of the Texas Department of Insurance on May 25, 2018 for \$175,000,000, a second assessment on August 29, 2018 for \$106,819,778 and a third assessment of \$90,000,000 on January 10, 2020 for a combined total of \$371,819,778. As of April 1, 2020 \$369,620,537 has been collected from the three assessments. One insurance group disputed whether they are subject to a 2018 assessment based on their interpretation of a 2017 legislative change. The insurance group’s assessment is \$2,199,241 which has been non-admitted as of September 30, 2020. In 2020, the TDI Commissioner determined that the insurance group was not subject to the 2018 assessments. The outstanding assessment will be reallocated and collected from the other member companies. Further assessments will be requested if needed as Hurricane Harvey paid loss development matures. As of September 30, 2020, the Association had a deficit surplus of \$144,188,419.

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

No significant changes

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. 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.

NOTES TO FINANCIAL STATEMENTS

Note 15 – Leases

- A. Lessee Leasing Arrangements
No significant changes
- 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
- 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.

<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>	<u>Net Asset Value (NAV)</u>	<u>Not Practicable (Carrying Value)</u>
Cash, cash equivalents and short-term investments	\$ 194,868,556	\$ 194,868,556	\$ 194,868,556	\$ -	\$ -	\$ -	\$ -
Exempt Money Market Mutual Funds – as Identified by SVO	232,198,442	232,198,442	-	-	-	232,198,442	-
All Other Money Market Mutual Funds	66,162,812	66,162,812	66,162,712	-	-	-	-
Total Cash, cash equivalents and short-term investments	\$ 493,229,810	\$ 493,229,810	\$ 261,031,368	\$ -	\$ -	\$ 232,198,442	\$ -

- 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 under an excess of loss agreement to a reinsurer during 2020 and 2019 who in-turn obtained retrocession coverage utilizing 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.

<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 September 30, 2020, the date of the most recent balance sheet, through the issuance of the financial statements.

Type II. Nonrecognized Subsequent Events:

On October 9, 2020, Hurricane Delta made landfall on the Texas seacoast impacting Association policyholders. The ultimate loss and loss adjustment expense is estimated to be \$30,000,000. Earlier in 2020, The Association was also impacted by Hurricane Hanna and Hurricane Laura and these three storms collectively being the “2020 Hurricane Events”. Pursuant to the terms of the Series 2014 Bonds, the Association has certain quarterly reporting obligations. These reports include a quarterly certification that Net Coverage Revenues, as defined, meet a threshold in excess of the Obligations and Administrative Expenses that will be due and owing during (a) the most recent actual four quarter period and (b) the projected succeeding four quarters by a minimum factor.

The 2020 Hurricane Events losses and operating expenses do not exceed premium and other revenues for the 2020 calendar year. As a result, the 2020 Hurricane Events are not considered a “catastrophic event” and losses are not considered “catastrophic losses” for the purpose of the Projected Net Coverage Revenue calculation and, consequently, will be included with “non-catastrophic losses” for the September 30, 2020 certification.

Based on projected premiums and losses for the 4 quarters ending September 30, 2021, the inclusion of estimated losses from Hurricane Delta (October 2020) results in a prospective coverage ratio for the next succeeding four calendar quarters ending September 30, 2021 of 97% or 28 percentage points below the required forward looking ratio of 125%. The projections assume there are no catastrophic events for the balance of 2020 and therefore the 2020 Hurricane Events’ losses and loss adjustment expenses continue to be included in non-catastrophic losses.

Based on projected premium levels and losses, the Association anticipates attaining the 125% prospective coverage level with the projected results as of the December 2020 net revenue covenant calculation as losses from the 2020 Hurricane Events fall out of the prospective test and become losses included in the “look back” actual coverage test.

Note 23 - Reinsurance

A. Unsecured Reinsurance Recoverables

The Association has unsecured aggregate recoverables for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium with individual reinsurers, authorized or unauthorized, that exceed 3% of the Company’s policyholder surplus.

NAIC Code	Federal ID #	Name of Reinsurer	Amount
14930	90-0797817	Weston Insurance Company	\$ 54,000
15341	46-3943172	SafePoint Insurance Company	25,000

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

1. The following table summarizes the assumed and ceded unearned premiums and related commissions equity as of September 30, 2020.

	Assumed		Ceded		Assumed Less Ceded	
	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
a. Affiliates						
b. All other			35,817,173	1,174,236	(35,817,173)	(1,174,236)
c. Totals			35,817,173	1,174,236	(35,817,173)	(1,174,236)
d. Direct Unearned Premium Reserve			\$203,866,116			

2. No accrual exists at the end of the current period for additional or return commission, predicated on loss experience or on any other form of profit sharing agreements in this quarterly 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

- A. 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 \$72,590,373 had minimal prior year development. During 2020, the association was impacted by Hurricane Hanna and Hurricane Laura and have an estimated gross ultimate loss and loss adjustment expense of \$52.9 million as of September 30, 2020. The coverage area insured by the Association was impacted by Hurricane Harvey in 2017. Ultimate loss and loss adjustment expenses from Hurricane Harvey are estimated to be approximately

NOTES TO FINANCIAL STATEMENTS

\$1,700,000,000 as of September 30, 2020. The Hurricane Harvey ultimate losses and loss adjustment expense was increased by \$90,000,000 in 2019 due to the increase in 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. Due to the inherently uncertain process involving loss and loss adjustment expense reserve estimates, the final resolution of the ultimate liability may be different from that anticipated at the reporting date. The Appointed Actuary for the Association has opined that the loss and LAE reserves as of September 30, 2020 make a reasonable provision for the Association's claims liabilities.

Rollforward of unpaid losses and LAE	September 30, 2020	December 31, 2019
Balance as of January 1,	\$ 169,197,994	\$ 200,857,903
Less: Reinsurance Recoverable	67,973	78,260
Net Balance at January 1,	169,130,021	200,779,643
Incurred, net of reinsurance, related to:		
Current year	71,880,239	26,451,275
Prior years	710,134	86,946,237
Net Incurred	72,590,373	113,397,512
Paid, net of reinsurance, related to:		
Current year	(35,140,083)	(19,915,729)
Prior years	(49,767,908)	(125,131,405)
Net Paid Losses	(84,907,991)	(145,047,134)
Net Balance at end of period,	156,812,403	169,130,021
Plus: Reinsurance Recoverable	71,963	67,973
Balance at end of period,	\$ 156,884,366	\$ 169,197,994

B. Significant Changes in Reserving Methodology

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 evaluated the need to record a premium deficiency reserve as of the end of the current period. No premium deficiency reserve was required as of September 30, 2020.

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 was 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

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. _____

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.

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 September 2020 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 N/A
 If no, attach a description with this statement.

16. For the reporting entity's security lending program, state the amount of the following as of the 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 invested 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 invested 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]

21. By assigning FE to a Schedule BA non-registered private fund, the reporting entity is certifying the following elements of each self-designated FE fund:

- a. The shares were purchased prior to January 1, 2019.
- b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
- c. The security had a public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO prior to January 1, 2019.
- d. The fund only or predominantly holds bonds in its portfolio.

GENERAL INTERROGATORIES

- e. The current reported NAIC Designation was derived from the public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO.
- f. The public credit rating(s) with annual surveillance assigned by an NAIC CRP has not lapsed.

Has the reporting entity assigned FE to Schedule BA non-registered private funds that complied with the above criteria?

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 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	294,881,197	298,198,756	62,875,799	87,226,571	119,101,124	156,794,532
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		294,881,197	298,198,756	62,875,799	87,226,571	119,101,124	156,794,532

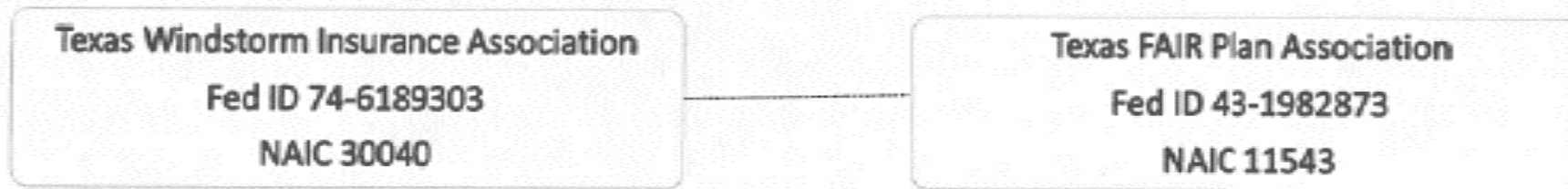
DETAILS OF WRITE-INS							
58001.		X X X					
58002.		X X X					
58003.		X X X					
58998.	Summary of remaining write-ins for Line 58 from overflow page	X X X					
58999.	Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X					

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	276,510,450	50,086,556	18.1	30.2
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	276,510,450	50,086,556	18.1	30.2

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 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1. Fire			
2. Allied lines	109,635,102	294,881,197	298,198,756
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	109,635,102	294,881,197	298,198,756

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)	2020 Loss and LAE Payments on Claims Reported as of Prior Year-End	2020 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2020 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. 2017 + prior	64,941	96,649	161,590	43,830		43,830	41,670		76,205	117,875	20,559	(20,444)	115
2. 2018	658	346	1,004	446	1	447	423	1	37	461	211	(307)	(96)
3. Subtotals 2018 + prior	65,599	96,995	162,594	44,276	1	44,277	42,093	1	76,242	118,336	20,770	(20,751)	19
4. 2019	1,466	5,070	6,536	1,756	3,735	5,491	865	388	484	1,737	1,155	(463)	692
5. Subtotals 2019 + prior	67,065	102,065	169,130	46,032	3,736	49,768	42,958	389	76,726	120,073	21,925	(21,214)	711
6. 2020	X X X	X X X	X X X	X X X	35,139	35,139	X X X	10,706	26,035	36,741	X X X	X X X	X X X
7. Totals	67,065	102,065	169,130	46,032	38,875	84,907	42,958	11,095	102,761	156,814	21,925	(21,214)	711

8. Prior Year-End Surplus As Regards Policyholders

(183,792)

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>32.692</u>	2. <u>-20.785</u>	3. <u>0.420</u>
		Col. 13, Line 7
		Line 8
		4. <u>-0.387</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 provide D&O coverage.

Bar Code:



30040202049000030



30040202045500030



30040202036500030



30040202050500030

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	49,369		49,369	67,900
2505. Due from Depop Carriers - Assumption	8,739		8,739	23,133
2597. Totals (Lines 2501 through 2596) (Page 2, Line 2598)	58,108		58,108	91,033

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	283,152	377,536
2505. Escheat funds	236,073	956,753
2506. Statutory fund payable		52,641,201
2597. Totals (Lines 2504 through 2596) (Page 3, Line 2598)	519,225	53,975,490

- 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	304,771,310	381,519,678
2. Cost of cash equivalents acquired		
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals	6,410,055	76,748,368
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)	298,361,255	304,771,310
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	298,361,255	304,771,310

- 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 DB - Part E**
- NONE Schedule DL - Part 1**
- NONE Schedule DL - Part 2**

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
					6	7	8	
					First Month	Second Month	Third Month	
Open Depositories								
Bank of America N.A.	Austin, TX	0.180	76,883		166,834,735	165,313,688	166,822,181	
Citibank, N.A.	Dallas, TX				3,441	3,242	2,843	
Citibank, N.A. - MMDA	Dallas, TX	O 0.010	11,937		17,184,863	17,185,009	17,185,150	
JP Morgan Chase Bank, N.A.	San Antonio, TX				49,580	49,580	49,980	
JP Morgan Chase Bank, N.A.	San Antonio, TX				21,859,771	11,432,313	10,808,401	
0199998	Deposits in () depositories that do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories							X X X
0199999	Total - Open Depositories		88,820		205,932,390	193,983,832	194,868,555	X X X
Suspended Depositories								
0299998	Deposits in () depositories that do not exceed the allowable limit in any one depository (see Instructions) - Suspended Depositories							X X X
0299999	Total Suspended Depositories							X X X
0399999	Total Cash on Deposit		88,820		205,932,390	193,983,832	194,868,555	X X X
0499999	Cash in Company's Office							X X X
0599999	Total		88,820		205,932,390	193,983,832	194,868,555	X X X

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 CUSIP	2 Description	3 Code	4 Date Acquired	5 Rate of Interest	6 Maturity Date	7 Book/Adjusted Carrying Value	8 Amount of Interest Due & Accrued	9 Amount Received During Year
4812C2-73-4 09248U-71-8	JP Morgan US Treasury Plus Money Market Fund - Inst Shares - Fund 3918 BlackRock Money Market Fund		09/30/2020 09/30/2020	0.011 0.009	10/01/2020 10/01/2020	165,227,418 66,971,024	2,459 493	538,258 274,547
8599999	Exempt Money Market Mutual Funds – as Identified by SVO					232,198,442	2,952	812,805
999999-99-9	Assets Subject to Reverse Repurchase Agreement at Tx Treasury Safekeeping		09/30/2020	0.037	10/01/2020	66,162,812	68	244,347
8699999	All Other Money Market Mutual Funds					66,162,812	68	244,347
8799999	Other Cash Equivalents							
8899999	Total Cash Equivalents					298,361,254	3,020	1,057,152

E14