

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

Tremont House
2300 Ships Mechanic Row
Galveston, TX 77550
August 5, 2025
9:00 a.m.



TEXAS WINDSTORM
INSURANCE ASSOCIATION

Interested parties can attend the meeting in person or
listen to the meeting live by going to www.twia.org.
Go to “About Us/Board Meetings” and click on the webinar link.

Interested parties may offer public comment in person at the
Tremont House or virtually via Zoom Webinar.

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

1. Call to Order 5 minutes
 - A. Welcoming Remarks – *Karen Guard*
 - B. Anti-Trust Statement and Conflict of Interest Disclosure – *Counsel*
 - C. Meeting Format Information – *Kristina Donley*
2. Introduction of New Board Member – *Karen Guard* 5 minutes
3. Approve the Minutes from Prior Board of Directors Meeting(s) 5 minutes
– *Karen Guard* – **Action/Vote Likely***
4. Public Comment 60 minutes
5. Review of Bills Affecting TWIA Enacted by the 89th Texas Legislature 30 minutes
– *David Durden/Jim Murphy*
6. Annual TWIA Rate Filing 40 minutes
 - A. Review of TWIA Staff Rate Adequacy Analysis and
Actuarial & Underwriting Committee Recommendations
– *David Durden/Debbie King*
 - B. Required 2025 Annual Rate Filing – *Jim Murphy* – **Action/Vote Likely***
7. TWIA Operational Dashboard – *David Durden* 10 minutes
8. Financial 20 minutes
 - A. Report of the Secretary/Treasurer – *Karen Guard* – **Action/Vote Likely***
 1. Income Statement
 2. Management Discussion and Analysis
 - B. Financial Statement Review – *Stuart Harbour*
 - C. Investment of Trust Fund Balances (Sec. 2210.4521) – *Stuart Harbour* – **Action/Vote Likely***
 - D. Selection of Auditors/Accountants for 2025 and Authorization
of Non-Audit Services – *Stuart Harbour* – **Action/Vote Likely***

9. Actuarial – *Jim Murphy* *20 minutes*
 - A. Policy Counts/Exposures
 - B. Reserve Adequacy
 - C. Aon Contract – **Action/Vote Likely***
 - D. Statutory Maximum Limits of Liability – **Action/Vote Likely***
 - E. Automatic Adjusted Building Cost Factors
10. Internal Audit Status & Update – *Afton Gillard – Weaver* *5 minutes*
11. Underwriting Operational Review Update – *Michael Ledwik* *10 minutes*
12. Claims and Litigation *20 minutes*
 - A. Claims Operations – *David Harkin*
 - B. Claims Litigation – *Jessica Crass*
13. TWIA Operations *20 minutes*
 - A. IT Systems Update – *Michael Eleftheriades*
 - B. Legislative Affairs Update and Legislative Implementation – *David Durden*
14. Election of Officers – *Karen Guard* – **Action/Vote Likely***
15. Closed Session (**Board Only**) *10 minutes*
 - A. Personnel Issues
 - B. Legal Advice
16. Consideration of Issues Related to Matters Deliberated in Closed Session That May Require Action, if any, of the Board of Directors *5 minutes*
– **Action/Vote Likely***
17. Committees – *Karen Guard* *5 minutes*
 - A. Actuarial and Underwriting Committee
18. Future Meetings – *David Durden* *5 minutes*
 - October 8, 2025 – TWIA Budget Review Meeting
 - November 4, 2025 – Omni Hotel – Corpus Christi, TX
 - February 24, 2026 – Moody Gardens Hotel – Galveston, TX
19. Adjourn

1. Anti-Trust Statement

ANTI-TRUST COMPLIANCE STATEMENT

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

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

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

Texas Windstorm Insurance Association

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

TWIA Anti-Trust Compliance Statement

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

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

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

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3. Approve the Minutes

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

Marriott Austin South
4415 South IH 35
Austin, TX

May 6, 2025

The Following Board Members were Present:

- | | |
|--------------------------------------|---------------------------------------|
| 1. Karen Guard (Secretary/Treasurer) | Industry Representative |
| 2. Greg Smith | First Tier Coastal Representative |
| 3. Terrilyn Tarlton Shannon | First Tier Coastal Representative |
| 4. John Todd | Industry Representative |
| 5. Esther Grossman | Industry Representative |
| 6. Dr. Etti Baranoff | Non-Seacoast Territory Representative |
| 7. Tim Garrett | Non-Seacoast Territory Representative |

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

- | | |
|--|------------------------|
| 1. David Durden, General Manager | TWIA |
| 2. Stuart Harbour, CFO | TWIA |
| 3. Jessica Crass, VP Legal and Compliance | TWIA |
| 4. Dave Williams, VP Claims | TWIA |
| 5. Michael Ledwik, VP Underwriting | TWIA |
| 6. Jim Murphy, Chief Actuary | TWIA |
| 7. Michael Eleftheriades, Interim CIO | TWIA |
| 8. Amy Koehl, Senior Project Administrator | TWIA |
| 9. Kristina Donley, Manager,
Training, QA and Agency Audit | TWIA |
| 10. Michelle Friesenhahn, VP People and
Business Operations | TWIA |
| 11. Mike Perkins, Association Counsel | Perkins Law Group PLLC |

The Following In Person Attendees Were Present:

- | | |
|---------------------|--------------------------|
| 1. Clark Thomson | Calhoun, Thomson + Matza |
| 2. Scott Weiss | Calhoun, Thomson + Matza |
| 3. Allen Cashin | Gallagher Re |
| 4. Morgan Huhndorff | Gallagher Re |
| 5. Alicia Robinson | Gallagher Re |
| 6. Joey Walker | Gallagher Re |
| 7. Bill Dubinsky | Gallagher Securities |
| 8. Andrew Ellison | Guy Carpenter |
| 9. Paul Hosne | Guy Carpenter |
| 10. Marianne Baker | TDI |
| 11. Valorie Marks | TDI |

12. David Muckerheide	TDI
13. Elizabeth Ret	TDI
14. Jessica Davidson	TWIA
15. Dan Graves	Weaver

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

1. Tom Beckmerhagen	12. Shelina Jamani
2. Shirley Bowler	13. Travis McDavid
3. Jasmine Coachman	14. John Miletti
4. Lou Cusano	15. Chad Moody
5. Jeremy Eisemann	16. Marianne Moul
6. Steve Evans	17. Dan Paschal
7. Angela Fang	18. Kenisha Schuster
8. Luke Gallin	19. Aaron Taylor
9. David Garrelick	20. Ron Walenta
10. Steve Hallo	21. Rachel Wang
11. Jordan He	

1. Call to Order: Ms. Guard called the meeting to order at 9:03 a.m. Board members were provided with a copy of the anti-trust statement and reminded of the prohibitions in the anti-trust statement by counsel. Mr. Perkins presented the required conflict-of-interest disclosures on behalf of each board member. Kristina Donley provided meeting logistics information to the attendees.
2. Introduction of New Board Members: Ms. Guard welcomed new members Dr. Etti Baranoff, John Todd and Terrilyn Tarlton Shannon.
3. Approval of Minutes: Mr. Garrett moved to approve the minutes of the February 25, 2025 meeting in Galveston. Ms. Grossman seconded the motion. The motion passed unanimously. Ms. Tarlton Shannon abstained from voting as she was not a board member at the time of the meeting.
4. Election of Officers: The board is waiting for a full slate of members and it currently is two members short. They will wait to elect officers at a later meeting.
5. Public Comment: There was no written or verbal public comment.
6. TWIA Operational Dashboard: Mr. Durden reviewed the operational dashboard. The current staff headcount is 414, which includes 240 employees and 174 contractors. Enterprise projects remain on track.

7. Financial:

- A. Report of the Secretary/Treasurer: Ms. Guard reviewed the Treasurer's Report. Ms. Grossman moved to approve the report. Mr. Smith seconded the motion. The motion passed unanimously.
- B. Financial Statement Review by Staff: Year-to-date direct written premiums totaled \$160.3 million. Direct earned premiums were \$188.5 million. Policies in force total 276,220.

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

There was no round seven depopulation program in 2024/2025 because no carriers registered to participate.

Year-to-date total direct losses and loss adjustment expense incurred totaled \$13.2 million.

Year-to-date operating expenses were \$9.7 million. Notable expenses under budget include personnel expenses (\$491,000), professional services (\$329,000), and other operating expenses (\$106,000).

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

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

Currently, staff is not recommending any changes to the investment plan. Ms. Grossman moved the TWIA Board of Directors acknowledge its review of the adequacy and implementation of the Statement of Investment Objectives and Guidelines of the Association and accept staff's recommendation to make no changes to the investment plan at this time. Ms. Baranoff seconded the motion. The motion passed unanimously.

- D. 2025 Hurricane Season Line of Credit: Staff is proposing to obtain a credit line of \$500 million with \$400 million provided by JP Morgan Chase and the remaining \$100 million from Bank of America. The purpose for maintaining the line of credit is to ensure cash is readily available to pay claims pending collection of debt proceeds and/or a member assessment below the reinsurance attachment, if needed. The line of credit would serve as a liquidity bridge to our permanent funding.

Mr. Garrett moved to approve the line of credit as more specifically set forth in the attached resolutions drafted by the bank. Ms. Baranoff seconded the motion. The motion passed unanimously.

- E. Financial Audit by Calhoun, Thomson + Matza: Clark Thomson from Calhoun, Thomson + Matza reviewed the audit results. Mr. Smith moved to acknowledge review by the board members and to approve the audit report. Ms. Grossman seconded the report. The motion passed unanimously.

8. Actuarial:

- A. Policy Count/Exposures: Policy counts are up almost 10% year over year and exposures are up 20%. Galveston and Nueces Counties are most of policyholder concentration and counties contiguous to these are where staff is seeing the most growth. Ms. Grossman asked with higher dollar homes and other exposures how that bodes for hurricane season. Mr. Murphy said there is now more exposure risk and it is all fed into the hurricane models. Every additional policy is an additional exposure.
- B. Reserve Adequacy: The TWIA actuarial staff has completed a review of Texas Windstorm Insurance Association loss and loss adjustment expense reserves as of March 31, 2025.

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

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

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

reinsurance and catastrophe bonds as shown in the attached exhibit.

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

9. Internal Audit:

A. Internal Audit Status Report: Mr. Graves reported the current internal audit activities include claims processing and HR administration and talent retention. Upcoming audits include executive management, information security and IT services.

10. Underwriting Operational Review Update: Over 99% of transactions were issued within 10 days of receiving the application and payment. Of those, 98% of the transactions were straight through processed by the system and 2% of the transactions were referred by the system to underwriting for additional information, review and approval prior to issuance. Out of 89,827 calls for the quarter, 89.19% of the calls were answered in under 20 seconds.

A standard sample of agencies (10) were selected for review in the fourth quarter of 2023 to verify compliance with the Texas Windstorm Insurance Association (TWIA) declination of coverage and flood insurance requirements. Of the selected agencies, 90% were compliant with declination provisions. All ten agencies were compliant with flood provisions. All agents selected have an active property and casualty insurance license.

9. Claims:

A. Claims Operations: The total cycle time of first notice of loss to payment (daily) was 8.6 days. The total cycle time of first notice of loss to payment (cat) was 8.9 days. The historical claim volume for 2025 is 1,783. Ms. Grossman asked if the TWIA policy has a cut-off date for claims submission. Mr. Williams said policyholders have one year from the date of loss to file a claim. He thought policyholders can request an extension from TDI if necessary.

B. Litigation Report: For the first quarter of 2024, 12 new claims lawsuits were received and eight were closed. For TWIA claims with letters of representation, 208 were received for the quarter, 12 were settled and 44 were closed.

10. TWIA Operations:

A. IT Systems Update: The cloud migration project has completed the formal testing phases for the core insurance suite components and the enterprise data warehouse. Practice dry runs have been completed, the second and final rehearsal is currently in play.

The upgrade from Microsoft Windows 10 to Windows 11 for all Association workstations is an ongoing project for TWIA.

The first feedback milestone was reached from the rollout of Microsoft Copilot to a select few users in December. This was to evaluate functionality and applicability to the organization. A subsequent feedback milestone will be later in Q2.

- B. Communications and Legislative Affairs Update: Bills affecting the Association have been moving through the committee process. To date, no TWIA bills have been considered on the house or senate floor.

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

11. Closed Session: There was no closed session.

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

13. Committees:

- A. Actuarial and Underwriting Committee Vacancies: Ms. Grossman asked how people need to be on the committee. Mr. Durden said there isn't a set amount of members. Two members were lost recently who served their maximum board term. Mr. Durden recommended possibly naming two board members, possibly one coastal and one non-coastal member. Ms. Grossman stated she would like to add both Ms. Tarlton Shannon and Mr. Smith to the committee as well as Ron Walenta, a former board member. Mr. Garrett moved that the existing members continue with the TWIA Actuarial and Underwriting Committee and add Greg Smith and Terrilyn Tarlton Shannon. Mr. Todd seconded the motion. The motion passed unanimously. Ms. Grossman moved to add Ron Walenta to the committee. Mr. Todd seconded the motion. The motion passed with Mr. Garrett and Ms. Tarlton Shannon voting no.

14. Future Meetings:

- August 5, 2025 – Tremont House – Galveston
- November 4, 2025 – Omni Hotel – Corpus Christi

15. Adjourn: The meeting adjourned at 11:42 am.

Prepared by: Amy Koehl
Senior Project Administrator

Approved by: Karen Guard
TWIA Secretary/Treasurer

5. Review of Bills Affecting TWIA Enacted by the 89th Texas Legislature

Passed TWIA Bills

House Bill 3689



Rep. Todd Hunter (Nueces County)

Replaces the public securities in TWIA's catastrophe funding structure with a lower-interest state financing arrangement and reduces the Association's total minimum required funding for a storm season from a 1:100 to a 1:50 probable maximum loss.

House Bills 2517 & 2518



Rep. Jeff Barry (Brazoria County)

2517: *Exempts TWIA and TFPA from premium & maintenance taxes. (Biennial Report recommendation)*

2518: *Prohibits the use of premium financing for TWIA policies. (Biennial Report recommendation)*

House Bill 2213



Rep. Ann Johnson (Harris County)

Changes the geographic requirement for TWIA inland Board members from 100 miles from the coast to outside of TWIA's catastrophe area, requires industry Board members to be Texas residents, includes those who write or sell insurance in first-tier coastal counties as industry representatives, and explicitly allows more than one agent on the Board.

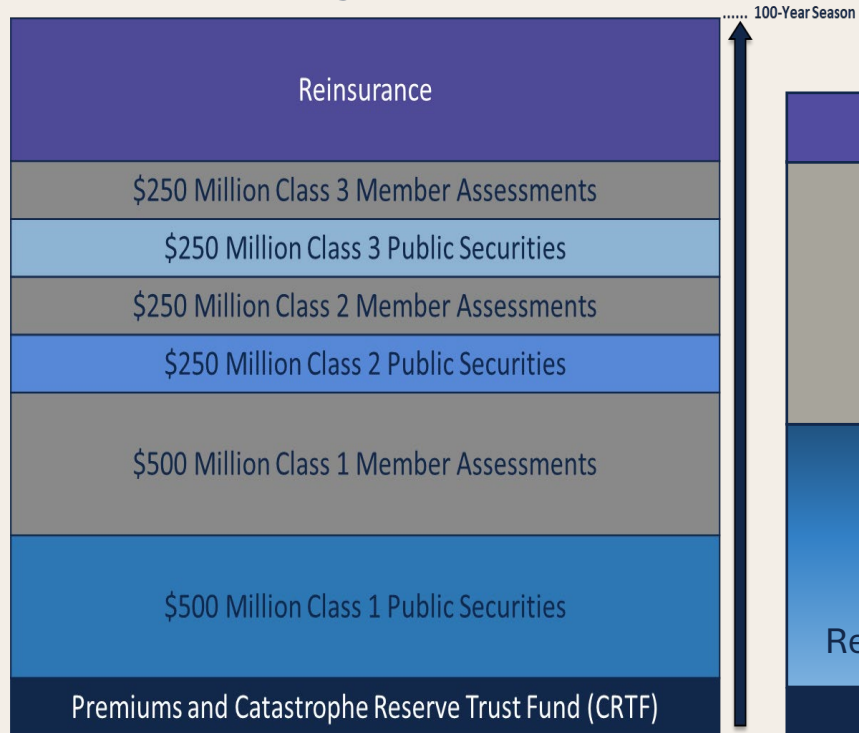
House Bill 3689 Overview

- **Replaces the bonds in TWIA's funding structure with lower-interest loans from the state's Economic Stabilization ("Rainy Day") Fund, repayable via statewide policy surcharges within 3 years.**
 - Statewide surcharges apply to policies across multiple lines, including TWIA, FAIR Plan, and commercial property.
- **Expands oversight roles for the Insurance Commissioner and State Comptroller related to TWIA's storm season funding.**
- **Reduces the required Probable Maximum Loss (PML), or the total statutory funding requirement for a storm season, from 1-in-100 to 1-in-50.**
 - Retains the current statutory requirement that the amount of reinsurance the Board elects to purchase above the PML be paid by non-recoupable assessments of member insurance companies.
- **Modifies language related to the use of TWIA premium to pay prior period claims consistent with the TWIA Board's Biennial Report recommendation.**



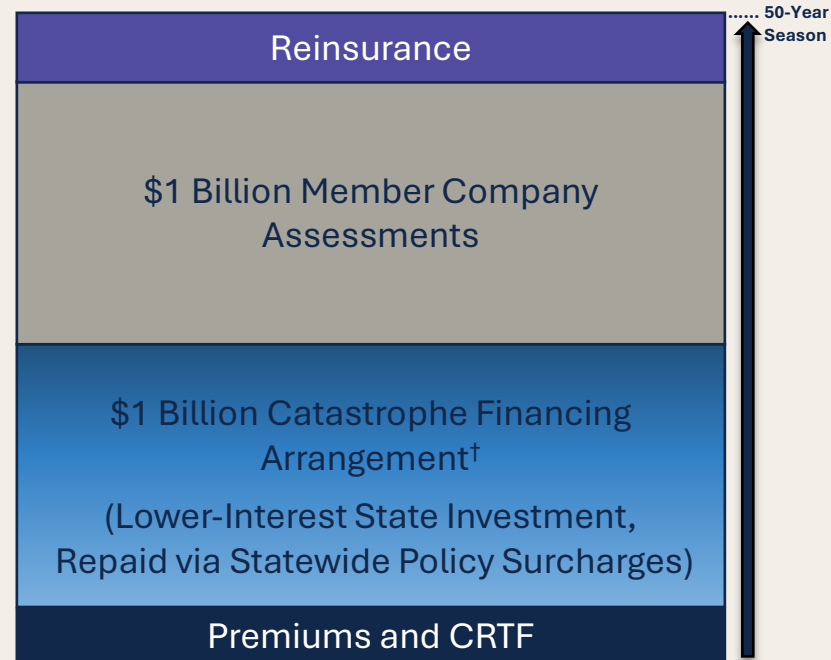
House Bill 3689 Overview Cont'd.

Current TWIA Catastrophe Funding Structure



House Bill 3689 Funding Structure*

**Graphic not to scale*



†\$500 million may be accessed pre-event

The new funding structure includes:

- Current-year premiums and other revenue and available amounts in the CRTF
- State-funded catastrophe financing arrangements
 - Up to \$1 billion may be taken per storm season
 - Up to \$500 million may be accessed pre-event.
 - Up to \$2 billion may be outstanding at any point in time
- Up to \$1 billion in member company assessments
- Reinsurance or alternative risk financing mechanisms to meet the Association's total minimum funding requirement



Passed Insurance Industry Bills

Senate Bill 458



**Sen. Charles Schwertner
(Williamson County)**

*TFPA Impact (TWIA excluded):
Requires an appraisal process if
demanded by either the insurer or
insured and requires TDI to
establish appraisal procedures by
rule.*

House Bill 2067



Rep. Dennis Paul (Harris County)

*Association Impact: Requires
insurers to give written
explanations when denying,
canceling, or not renewing
insurance policies.*



TEXAS WINDSTORM
INSURANCE ASSOCIATION

Reinsurance Impacts of HB 3689

August 5, 2025

HB 3689

- Changes the minimum required funding level from a 100-year PML to a 50-year PML
- Allows the Commissioner to adopt or approve the method of determining the PML
- Continues to allow TWIA to purchase reinsurance in excess of the minimum funding level and assess companies for the additional cost

Determination of the 50-Year PML

- The Board has consistently used model results based on historical frequency assumptions and including ALAE, but has varied the weights applied to each model
- Previous weightings include:
 - 50% AIR, 50% RMS
 - 25% AIR, 75% RMS
 - 100% RMS
 - 25% each
 - 50% IF, 25% RMS, 25% RQE

2026 PMLs

- Possible PMLs for 2026 hurricane season assuming a 10% increase in model results due to exposure growth
- *Note: does not account for model version changes; one or more updated model versions are expected for the 2026 PML determination, which could significantly change results*

Model ¹	50-Year	100-Year
AIR	5,380	9,077
IF	3,899	6,278
RMS	4,732	7,834
RQE	4,109	7,009

Weighting ²	50-Year	100-Year
25% Each	4,530	7,549
50% AIR 50% RMS	5,056	8,456
25% AIR 75% RMS	4,894	8,145
50% IF 25% RMS 25% RQE ³	4,160	6,850

¹ Projected aggregate results using historical frequency and including 15% ALAE shown in \$M

² 100% RMS has also previously been used

³ Weighting used for 2025

2026 Funding Impacts

- The 50-year PML may be reasonably expected to be in the range of \$4-5 billion
- The Board may choose to purchase reinsurance in excess of the required funding
- Excess reinsurance, if purchased, could be up to an additional \$2.5-3.5 billion (to the 100-year PML)
- Adjustments will need to be made to continuing catastrophe bonds

Timeline for 2026 Funding

November 2025	TWIA Board proposes method of determining the 50-year PML
February 1	TDI shall provide any adopted or approved method to TWIA
First Board meeting (February)	TWIA Board determines 50-year PML for 2026
March 31	Deadline for any adjustments to continuing catastrophe bonds
Second Board meeting (May)	TWIA must provide estimated costs for any excess reinsurance
June 1	2026 reinsurance program effective

6. Annual TWIA Rate Filing
6A. Review of TWIA Staff Rate Adequacy
Analysis and Actuarial & Underwriting
Committee Recommendations



TEXAS WINDSTORM
INSURANCE ASSOCIATION

MEMORANDUM

DATE: July 18, 2025

TO: David Durden
General Manager

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

RE: TWIA Actuarial & Underwriting Committee Meeting Summary

The TWIA Actuarial & Underwriting Committee met on July 14, 2025. The Committee voted to recommend that the TWIA Board of Directors instruct staff to make an annual filing with the Texas Department of Insurance proposing a 0% change to both residential and commercial rates.

The Rate Adequacy Analysis prepared by TWIA actuarial staff indicates that TWIA rates are inadequate by 3% for residential coverage and 5% for commercial coverage. This represents a significant improvement in TWIA's rate adequacy and can be directly attributed to legislation passed in the recently concluded session of the Texas Legislature which reduced TWIA's expected costs related to reinsurance and premium & maintenance taxes.

The Committee heard public comments, received a presentation summarizing the rate adequacy analysis by TWIA staff, and after discussion voted 5 to 2 to recommend no change in TWIA rates.

The presentation received by the Committee is attached for reference. It is also published, along with the complete actuarial analysis and other related documents, on the TWIA website at <https://www.twia.org/about-us/financial-reports/2025-rate-adequacy-analysis/>.

JM



TEXAS WINDSTORM
INSURANCE ASSOCIATION

Actuarial & Underwriting Committee

2025 Rate Indications
July 14, 2025

Contents

- Actuarial Principles
- Statutory Language
- Recent Legislative Changes
- Rate Adequacy Methodology
- Reinsurance Provision
- Rate Adequacy Analysis
- Reconciliation of Changes in Rate Indications
- Historical Rate Indications vs Rate Changes

Actuarial Principles

Casualty Actuarial Society Statement of Principles

1. A rate is an estimate of the expected value of future costs
2. A rate provides for all costs associated with the transfer of risk
3. A rate provides for the costs associated with an individual risk transfer
4. A rate is reasonable and not excessive, inadequate, or unfairly discriminatory if it is an actuarially sound estimate of the expected value of all future costs associated with an individual risk transfer

Statutory Language

Sec. 2210.001

The association shall function in such a manner as to not be a direct competitor in the private market...

Sec. 2210.355 (b)

In adopting rates under this chapter, the following must be considered:

1. the past and prospective loss experience within and outside this state of hazards for which insurance is made available through the plan of operation, if any;
2. expenses of operation, including acquisition costs;
3. a reasonable margin for profit and contingencies;
4. payment of public security obligations issued under this chapter, including the additional amount of any debt service coverage determined by the association to be required for the issuance of marketable public securities; and
5. all other relevant factors, within and outside this state.

Sec. 2210.355 (c)

Rates must be reasonable, adequate, not unfairly discriminatory, and nonconfiscatory as to any class of insurer.

Statutory Language

Sec. 2210.3512. REQUIREMENT FOR VOTE ON RATE FILING

The board of directors may not vote on a proposed rate increase if:

1. there is a vacancy on the board; and
2. the vacancy has existed for at least 60 days at the time the vote is to be taken.

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

The association may not purchase reinsurance under this section from an insurer or broker involved in the execution of a catastrophe model on which the association relies in:

1. Determining the probable maximum loss applicable for the period covered by the reinsurance; or
2. Adopting rates under section 2210.355.

Statutory Language

Sec. 2210.351. ASSOCIATION FILINGS.

(d) The association may use a rate filed by the association without prior commissioner approval if:

1. the filing is made not later than the 30th day before the date of any use or delivery for use of the rate;
2. the filed rate does not exceed the rate in effect on the date on which the filing is made; and
3. the commissioner has not disapproved the filing in writing, advising of the reasons for the disapproval and the criteria the association is required to meet to obtain approval.

(f) The association may not file a rate under this section that exceeds the rate in effect on the date on which the filing is made unless two-thirds of the board of directors votes to approve the rate.

Statutory Language

Sec. 2210.352. MANUAL RATE FILINGS: ANNUAL FILING.

(a) Not later than August 15 of each year, the association shall file with the department a proposed manual rate for all types and classes of risks written by the association.

(a-1) The association may use a rate filed by the association under this section without prior commissioner approval if:

1. the filing is made not later than the 30th day before the date of any use or delivery for use of the rate; and
2. the filed rate does not exceed the rate used by the association in effect on the date on which the filing is made.

(a-3) The association may not file a rate under this section that exceeds the rate in effect on the date on which the filing is made unless two-thirds of the board of directors votes to approve the rate.

Recent Legislative Changes

House Bill 3689

- Change the requirement for the Probable Maximum Loss (PML) to be determined from 1-in-100 to 1-in-50

House Bill 2517

- Exempt TWIA and TFPA from premium and maintenance tax

House Bill 2213

- Change the geographic requirement for TWIA inland Board members from 100 miles from the coast to outside of TWIA's catastrophe area, requires industry Board members to be Texas residents, includes those who write or sell insurance in first-tier coastal counties as industry representatives, and explicitly allows more than one agent on the Board

All the bills above will go into effect on September 1, 2025

Rate Adequacy Methodology

TWIA employs the “Loss Ratio Method” to determine rate level indications

- This approach compares the estimated percentage of each premium dollar needed to cover future losses, loss adjustment expense and other fixed expenses for a prospective accident year to the amount of each premium dollar that is available to pay for such costs (referred to as the permissible loss ratio).
- This relationship is defined as:

$$\text{Indicated Rate Change Factor} = \frac{(\text{Loss \& LAE Ratio} + \text{Fixed Expense Ratio})}{(1 - \text{Variable Expense Ratio})}$$

Rate Adequacy Methodology

- **The Loss and LAE Ratio includes provisions for:**
 - Hurricane losses and loss adjustment expenses
 - Non-hurricane losses and loss adjustment expenses
- **The Fixed Expense Ratio includes:**
 - General operating expenses
 - Net cost of reinsurance
(total premiums less expected average annual recoveries)
 - Any debt service outstanding on public securities
(no debt service is included in the 2025 indications)
- **The Variable Expense Ratio includes:**
 - Commissions, taxes, licenses and fees
 - Provisions for CRTF and contingencies

Reinsurance Provision

Previous Methodology

- Reflects the 1-in-100 year PML for reinsurance placement
- Actual exposures as of November 30, 2024
- Assumes the net cost of reinsurance will scale proportionally with the in-force premium as exposures increase

$$\text{Reinsurance Expense \%} = \frac{\text{Reinsurance Premium} - \text{Average Annual Loss}}{\text{In-Force Premium}}$$

Revised Methodology

- Reflects the updated 1-in-50 year PML standard for reinsurance placement, assuming the board applies consistent weighting to various models, limited to the 1-in-50 year threshold.
- Projected exposures as of September 30, 2025
- Recognizes the premium adjustment built into the reinsurance contract using actual TWIA exposures as of September 30, 2025

$$\text{Reinsurance Expense \%} = \frac{\text{Reinsurance Premium (adjusted for growth)} - \text{Average Annual Loss (adjusted for growth)}}{\text{Prospective CY 2025 Premium}}$$



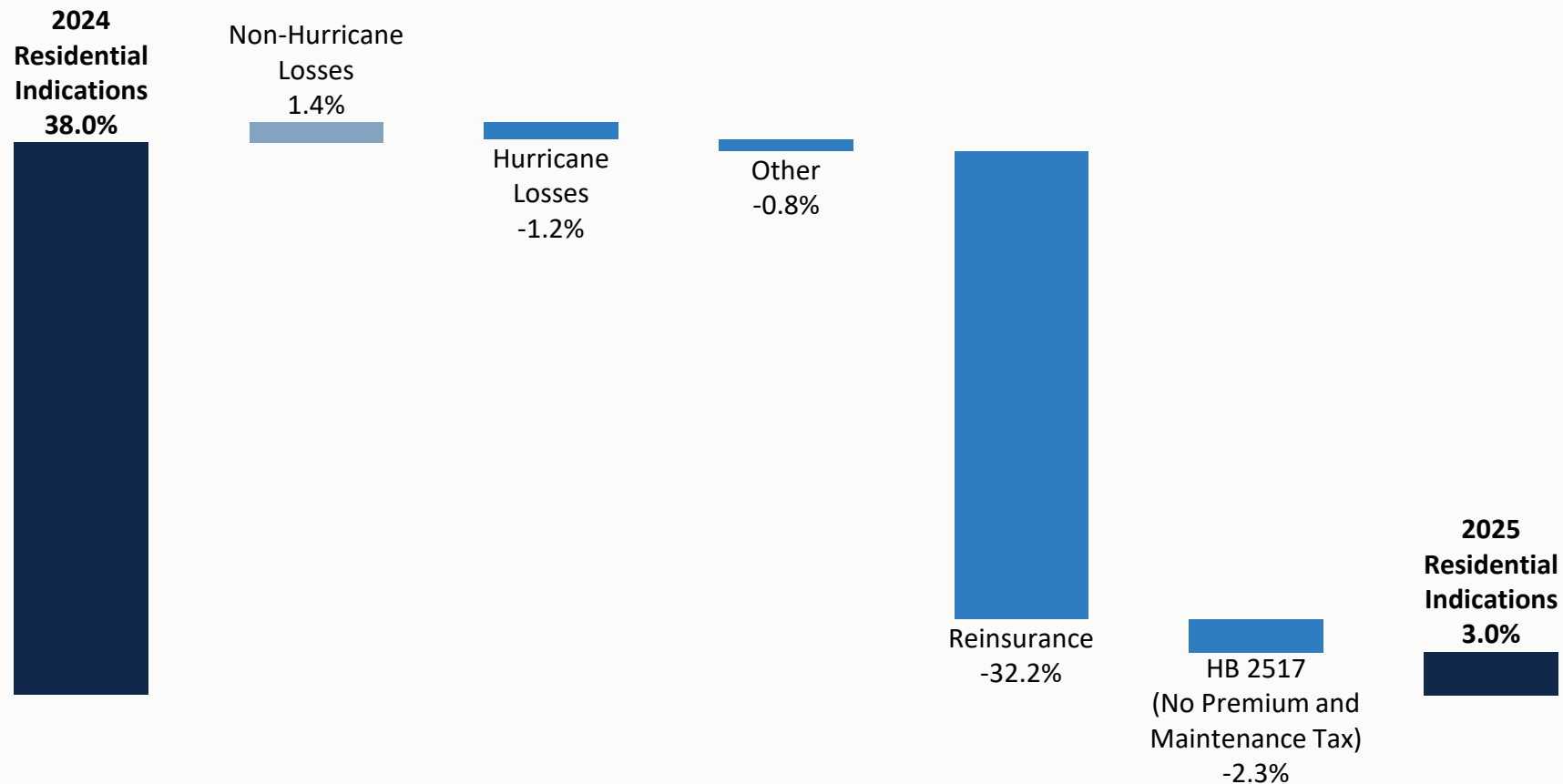
2025 Rate Adequacy Analysis

Rate Element	Residential					Commercial				
	2022 Review	2023 Review	2024 Review	2025 Review	2025 vs. 2024	2022 Review	2023 Review	2024 Review	2025 Review	2025 vs. 2024
Non-Hurricane Loss Provision	14.7%	15.4%	13.9%	15.0%	1.1%	6.7%	5.5%	4.6%	5.1%	0.5%
Hurricane Loss Provision										
Experience	40.2%	39.2%	38.2%	38.5%	0.3%	48.7%	48.1%	48.4%	44.2%	-4.2%
Modeled	52.7%	53.0%	48.1%	46.0%	-2.1%	53.3%	61.1%	55.1%	50.4%	-4.7%
Combined	46.5%	46.1%	43.2%	42.3%	-0.9%	51.0%	54.6%	51.8%	47.3%	-4.5%
Fixed Expenses										
Operating	8.2%	7.5%	5.2%	5.2%	0.0%	8.2%	7.5%	5.2%	5.2%	0.0%
Reinsurance	19.1%	23.5%	44.0%	19.2%	-25.4%	19.6%	26.4%	50.4%	25.4%	-25.0%
Outstanding Debt Service	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	27.3%	31.0%	49.2%	24.4%	-25.4%	27.8%	33.9%	55.6%	30.6%	-25.0%
(A) Total Loss Provision plus Fixed Expenses	88.5%	92.5%	106.3%	81.6%	-25.2%	85.5%	94.0%	112.0%	83.0%	-29.0%
Variable Expenses										
Commissions	16.0%	16.0%	16.0%	16.0%	0.0%	16.0%	16.0%	16.0%	16.0%	0.0%
Taxes and Fees	1.9%	1.9%	1.8%	0.0%	-1.8%	1.9%	1.9%	1.8%	0.0%	-1.8%
CRTF Funding & Contingencies	5.0%	5.0%	5.0%	5.0%	0.0%	5.0%	5.0%	5.0%	5.0%	0.0%
(B) Total Variable Expenses	22.9%	22.9%	22.8%	21.0%	-1.8%	22.9%	22.9%	22.8%	21.0%	-1.8%
(C) Permissible Loss Ratio (1 - B)	77.1%	77.1%	77.2%	79.0%	1.8%	77.1%	77.1%	77.2%	79.0%	1.8%
(D) Rate Indication (A / C - 1)	15.0%	20.0%	38.0%	3.0%	-35.0%	11.0%	22.0%	45.0%	5.0%	-40.0%

July 14, 2025

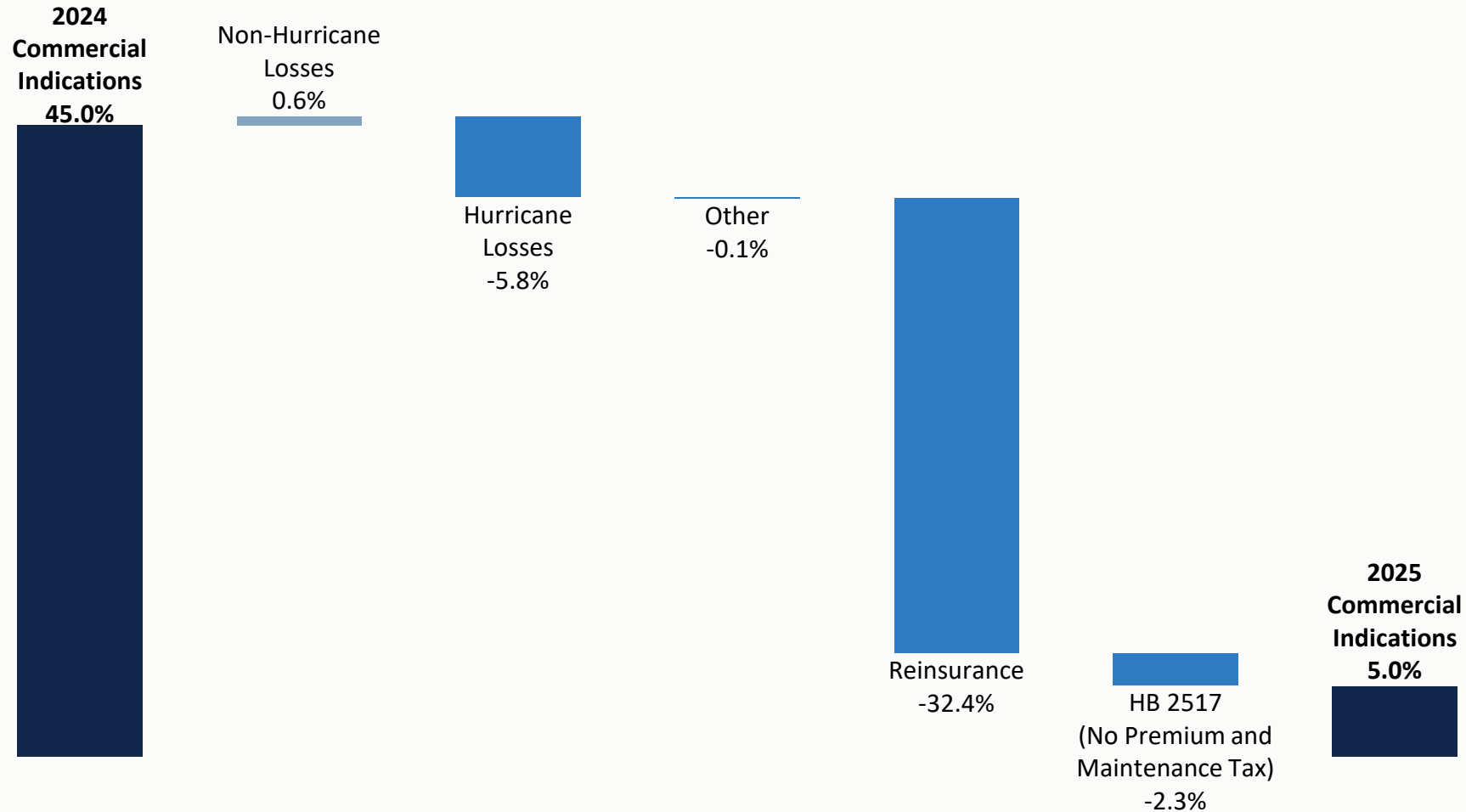


Reconciliation of Change in Rate Indications Residential 2025 vs 2024

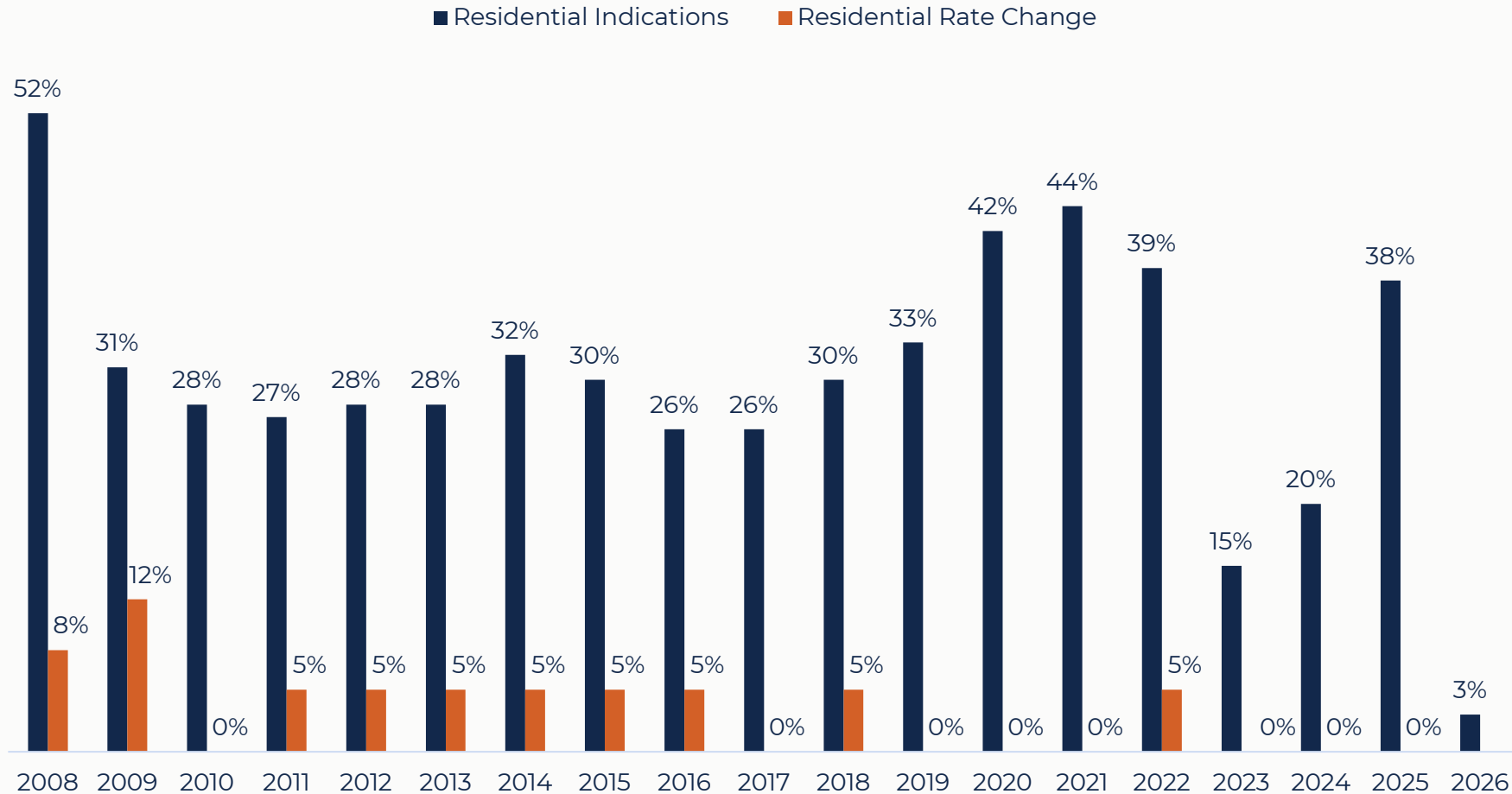




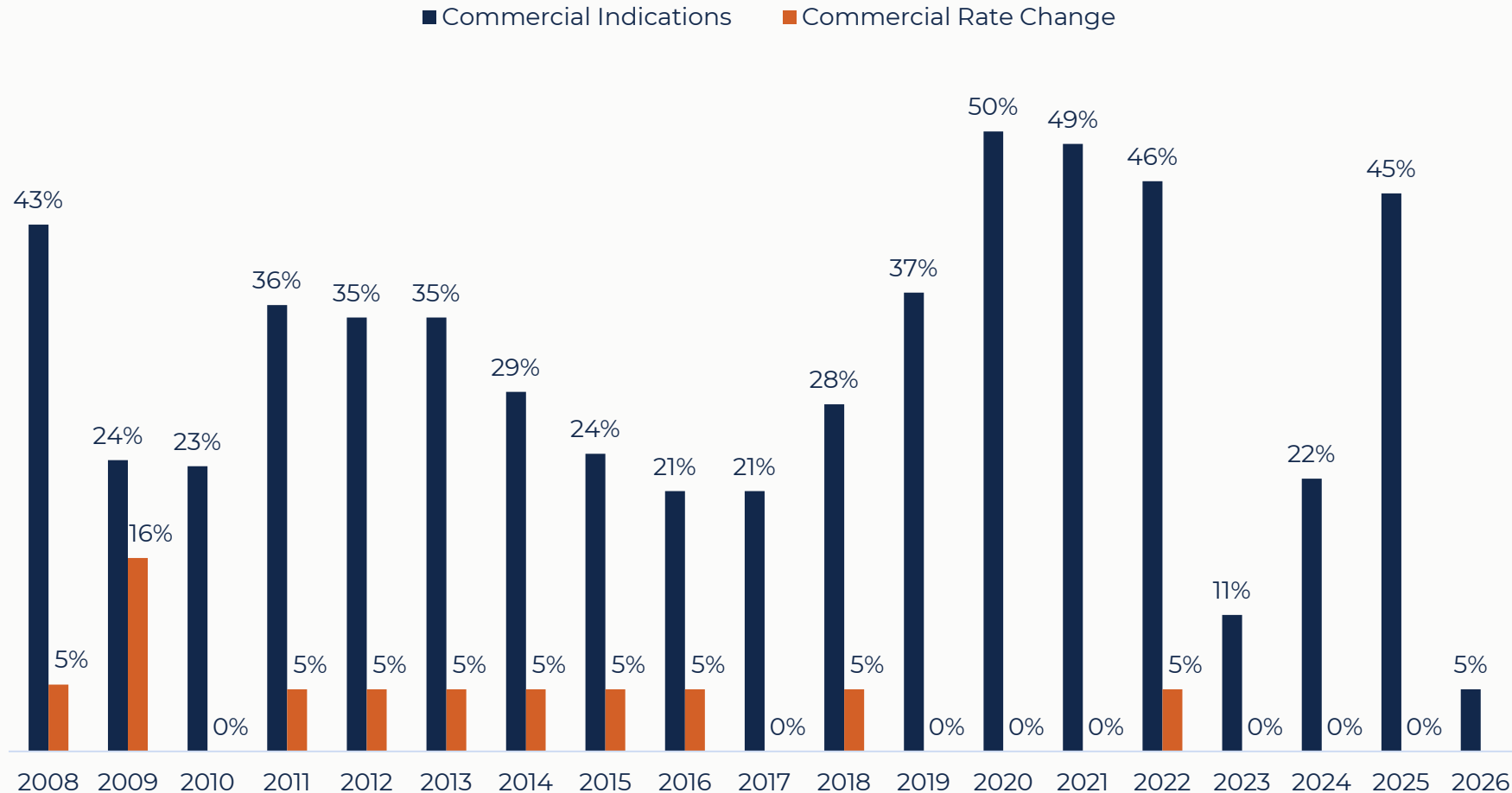
Reconciliation of Change in Rate Indications Commercial 2025 vs 2024



Residential Rate Indications vs Rate Changes 2008-2026



Commercial Rate Indications vs Rate Changes 2008-2026





TEXAS WINDSTORM
INSURANCE ASSOCIATION

Questions

6B. Required 2025 Annual Rate Filing

No. 2024-8911

**Official Order
of the
Texas Commissioner of Insurance**

Date: 10/14/2024

Subject Considered:

Texas Windstorm Insurance Association 2024 Annual Rate Filing
Petition No. P-0824-03 Residential; Petition No. P-0824-04, Commercial

General Remarks and Official Action Taken:

The subject of this order is the Texas Windstorm Insurance Association's (TWIA) proposed 10 percent uniform rate increase to residential and commercial rates for policies delivered, issued for delivery, or renewed on or after January 1, 2025.

Background

TWIA must file with the Texas Department of Insurance (TDI) a proposed manual rate for all types and classes of risks it writes not later than August 15 of each year. When the proposed rates are more than the rates in effect on the date of the filing, the commissioner must approve or disapprove the proposed rates before TWIA may use them. Insurance Code § 2210.352.

After considering TWIA's filing and responses to requests for additional supporting information, TDI staff analysis, and comments submitted on the rate filing, the commissioner adopts the following findings of fact and conclusions of law:

Findings of Fact

1. TWIA made its rate adequacy analysis publicly available on its website on July 1, 2024. The rate adequacy analysis included:
 - a. All user-selected hurricane model input assumptions; and

- b. Output data with the same content and in the same format that is customarily provided to TWIA by hurricane modelers and to TDI by TWIA.
2. The output data was in a searchable electronic format that allowed for efficient analysis and was sufficiently detailed to allow the historical experience in this state to be compared to results produced by the model.
3. On July 15, 2024, TWIA's Actuarial and Underwriting Committee reviewed the 2024 rate adequacy analysis prepared by TWIA's actuarial staff and voted 5 to 1 to recommend a 10% rate increase for both residential and commercial policies in TWIA's annual rate filing.
4. On August 6, 2024, TWIA's board of directors accepted public comment on the rate adequacy analysis at a public meeting of the board, before voting on the submission of a proposed rate filing to TDI.
5. At the August 6, 2024, meeting, TWIA's board of directors accepted the Actuarial and Underwriting Committee's recommendation by a vote of 6 to 3 and directed TWIA staff to file a 10% increase for residential and commercial policies in its annual rate filing.
6. On August 13, 2024, TWIA submitted its 2024 annual rate filing to TDI. TWIA's 2024 annual rate filing consists of separate filings for residential policies (S723754) and commercial policies (S723755). Both filings contain rate pages showing the current and proposed rates, a cover letter, an actuarial memo, rate indication exhibits (in both PDF and Excel formats), a document containing the catastrophe model disclosures described in 28 TAC § 5.4160(d), and TDI Exhibits A and C.
7. On August 14, 2024, the commissioner posted on TDI's website and submitted to the Texas Secretary of State a notice of the rate filing. The notice provided information on how to obtain a copy of the filing, the procedure and deadlines for submitting requests for additional supporting information on the filing, and the procedure and deadlines for submitting written comments or information related to the filing. The notice specified that TDI must receive any requests for additional supporting information by 5 p.m. Central time on August 29, 2024, and any comments or other information related to the filing by 5 p.m. Central time on October 1, 2024.

8. On August 23, 2024, TDI staff submitted a request for additional supporting information, which TDI's chief clerk forwarded to TWIA. After a follow-up request, TWIA provided its complete response to TDI staff on August 30, 2024.

Rate Standards and General Rate Requirements

9. TWIA's rates are subject to the rate standards in Insurance Code § 2210.355 and must be reasonable, adequate, not unfairly discriminatory, and nonconfiscatory as to any class of insurer. Under Insurance Code § 2210.355(b), the commissioner must consider:
 - a. The past and prospective loss experience within and outside this state of hazards for which insurance is made available through the plan of operation, if any;
 - b. The expenses of the operation, including acquisition costs;
 - c. A reasonable margin for profit and contingencies;
 - d. Payment of public security obligations issued under Insurance Code Chapter 2210, including the additional amount of any debt service coverage determined by the association to be required for the issuance of marketable public securities; and
 - e. All other relevant factors, within and outside this state.
10. The commissioner may also consider results from recognized catastrophe models, as contemplated by Insurance Code § 2210.355(h).
11. TWIA's rates are also subject to the requirements in Insurance Code § 560.002, which requires a rate to be just, fair, reasonable, and adequate, and prohibits a rate from being confiscatory, unfairly discriminatory, or excessive for the risks to which the rate applies.

Actuarial Review

12. TWIA's filing includes actuarial rate indications to support the proposed rate changes. The rate indications in the filing are the same as the rate adequacy

2024-8911

Commissioner's Order

Texas Windstorm Insurance Association 2024 Annual Rate Filing

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analyses TWIA made publicly available on its website on July 1, 2024. There are separate rate indications for residential and commercial policies.

13. According to the rate indications in the filing, TWIA's rates are inadequate by 38% for residential policies and 45% for commercial policies.
14. TWIA developed its rate indications using the loss ratio method, which compares the estimated percentage of each premium dollar needed to cover future losses, loss adjustment expenses (LAE), and other fixed expenses to the amount of each premium dollar that is available to pay for such costs.
15. TWIA's rate indications include estimates of the following costs: hurricane losses and LAE; non-hurricane losses and LAE; reinsurance; commission expenses; general expenses; and taxes, licenses, and fees. The indications also include a judgmentally selected rate provision of 5.0% to provide for a contribution to the Catastrophe Reserve Trust Fund (CRTF).
16. In its rate indications, TWIA estimated that future hurricane losses and LAE will amount to 43.2% of premium, at the current rate level, for residential policies and 51.8% of premium, at the current rate level, for commercial policies.
17. TWIA's estimate of hurricane losses considers industry hurricane loss experience for the 58-year period 1966–2023 (residential) or for the 54-year period 1970–2023 (commercial), meteorological hurricane experience for the 173-year period 1851–2023, and modeled hurricane losses. The modeled hurricane losses are derived from catastrophe models run on TWIA's exposures as of November 30, 2023. TWIA's estimate of hurricane LAE considers TWIA's LAE for accident years with hurricanes in the 44-year period 1980–2023.
18. In its rate indications, TWIA estimated that future non-hurricane losses and LAE will amount to 13.9% of premium, at the current rate level, for residential policies and 4.6% of premium, at the current rate level, for commercial policies.
19. TWIA's estimate of non-hurricane losses considers its non-hurricane loss experience for the 10-year period 2014–2023. TWIA's estimate of non-hurricane LAE considers TWIA's LAE for accident years without hurricanes in the 44-year period 1980–2023.

2024-8911

Commissioner's Order

Texas Windstorm Insurance Association 2024 Annual Rate Filing

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20. In its rate indications, TWIA estimated that future reinsurance costs will amount to 44.0% of premium, at the current rate level, for residential policies and 50.4% of premium, at the current rate level, for commercial policies.
21. TWIA's estimate of reinsurance costs considers the actual cost of TWIA's 2024–2025 reinsurance contract, net of expected recoveries, brokerage fees, ceding commissions, and issuance fees. This contract provides reinsurance coverage of \$4.05 billion in excess of a \$2.45 billion retention.
22. TWIA purchased this amount of reinsurance to fulfill its obligation under Insurance Code § 2210.453 to maintain total available loss funding in an amount not less than the 1-in-100 probable maximum loss (PML) for a catastrophe year.
23. In its rate indications, TWIA estimated that future general expenses will amount to 5.2% of premium, at the current rate level, for both residential and commercial policies. In developing this estimate, TWIA considered its general expenses for the three-year period 2021–2023 and projected values for 2024.
24. In its rate indications, TWIA estimated that future taxes, licenses, and fees will amount to 1.8% of premium for both residential and commercial policies. In developing this estimate, TWIA considered its taxes, licenses, and fees for the three-year period 2021–2023 and projected values for 2024.
25. The rate indications include a 16.0% provision for commission expenses. Agents earn 16.0% of the premium for residential policies (except for manufactured homes) and commercial policies. Agents earn 12.0% of the premium for manufactured home policies.
26. TDI actuarial staff reviewed the rate indications in TWIA's filing to assess the actuarial soundness of the proposed rate changes. The review evaluated the appropriateness of the rate-making parameters TWIA used in the indications, including the experience data used to estimate projected losses and expenses, the procedures and methods used to adjust historical data to prospective levels (e.g., trending, loss development, premium on-leveling, etc.), and the treatment and estimation of catastrophe losses.

27. TDI actuarial staff evaluated how the rate indications would change if an alternate, more favorable estimate of future reinsurance costs were used. The alternate estimate was calculated by trending expected reinsurance recoveries and premium to the midpoint of the reinsurance contract. This method was used by TWIA in previous filings.
28. TDI actuarial staff evaluated how the rate indications would change if an alternate, more favorable estimate of future average premium were used. The alternate estimate assumes that average premium will continue to increase at the rate it did between 2021 and 2023. For residential, the alternate estimate also accounts for the expected impact of the 2024 Adjusted Building Cost (ABC) factor change, which will increase Coverage A limits by 12%–13% for residential renewals effective on or after June 1, 2024, unless the policyholder selects a different limit.
29. TDI actuarial staff evaluated how the rate indications would change if an alternate, more favorable estimate of future general expenses were used. The alternate estimate assumes that TWIA's general expense ratio will continue to decrease at the rate it did between 2021 and 2023.
30. In combination, the alternate estimates described in Findings of Fact 27–29 lowered the indications to 26% for residential and 38% for commercial. These indications are still well above the proposed 10% rate increase.
31. TDI actuarial staff concluded that TWIA's current rates are inadequate to cover expected losses and expenses, and that there is a sound actuarial basis for a 10% rate increase.
32. TDI actuarial staff concluded that TWIA's proposed rate changes are consistent with Insurance Code § 2210.355(b)(1)–(4) and (c).

Other Relevant Considerations

33. In addition to the actuarial standards in Insurance Code § 560.002 and § 2210.355(b)(1)–(4) and (c), there are requirements in § 560.002 that rates be "just" and "fair" and in § 2210.355(b)(5) that "all other relevant factors, within and outside this state" be considered in adopting TWIA's rates.

Public Comments

34. TDI received 434 timely written comments on the filing.
35. In addition to providing an opportunity for written comment, TDI heard comments at two public meetings—one in Galveston on September 23, 2024, and one in Corpus Christi on September 27, 2024. TDI heard 58 comments in total at the public meetings.
36. The comments came from individuals, elected officials, coastal business associations and chambers of commerce, consumer advocacy groups, local charities, and insurance agents.
37. Of the 492 total comments TDI received, both written and in person, all but three opposed any rate increase. The persistent theme of the comments against a rate increase was that TWIA policies are unaffordable.
38. The comments included those from:
 - a. The chief financial officer for the Kingsville Independent School District, who commented on how all of the district's insurance costs have expanded dramatically over the past few years. He expressed concern that if this increase went into effect, the district would not be able to afford enough coverage to cover a catastrophic event.
 - b. The city manager of the City of Galveston, who commented that coastal governments, residents, and school districts face challenges from statutory property tax growth revenue restrictions. He expressed that TWIA coverage is not only essential to protect against losses and maintain economic stability but also is necessary to obtain real estate financing. He also commented on the critical role that the people who work for coastal industries play in the Texas economy and on how the proposed rate increase will impact them.
 - c. The president and CEO of the Galveston Regional Chamber of Commerce, who commented at the Galveston meeting about the high percentage of small businesses in the area and their challenges in finding workers.
 - d. The superintendent of schools for Flour Bluff Independent School District, who commented on the financial burden that rising insurance costs place on Flour

Bluff and other school districts. Flour Bluff ISD is having to divert funds needed for teacher salaries and retention, educational programs, and technology investments to pay for insurance.

- e. A member of the Galveston City Council, who commented at the Galveston meeting that many workers are being forced off the island because they cannot afford to live there.
 - f. A commenter at the Corpus Christi meeting, who suggested that TWIA reduce agent commissions and find other ways to reduce costs before asking policyholders to pay more.
 - g. A state senator at the Corpus Christi meeting, who commented that property values are rising more on the coast than in the rest of the state, therefore coastal residents already pay higher insurance costs than other Texas residents. She also commented that half the buildings in one of the school districts in her district are uninsured.
 - h. A state representative at the Corpus Christi meeting, who commented on how insurance costs already cut into local school districts' limited budgets, meaning that the districts will not be able to insure all their buildings. These school districts already face a gap between expenses and revenue.
 - i. A commercial landlord at the Corpus Christi meeting, who commented that insurance is his largest expense and that he passes it on to his tenants. His tenants include an adult day care center that can no longer afford to provide the same level of care due to the rent increase.
 - j. A director of a nonprofit serving vulnerable youth, who commented at the Corpus Christi meeting that her nonprofit pays \$43,000 to TWIA for insurance annually. She estimated that the increase could cost funding for over 90 students.
39. In comments to the TWIA board of directors made in advance of the vote, the Port of Corpus Christi's CEO stated that the industries that operate in the port account for over 95,000 direct and indirect jobs across the state and that the coastal bend community has seen over \$65 billion of infrastructure investment over the past decade.

40. Legislators who commented, both in person and in writing, consistently pointed out that the 89th Legislature will begin in a few months and asked for the opportunity to address TWIA's funding issues then.

Hurricane Beryl Recovery

41. As of October 11, 2024, TWIA received 31,163 claims arising from Hurricane Beryl and has paid \$258.7 million in claims from that hurricane.
42. TWIA anticipates that paying claims arising from Hurricane Beryl will exhaust the CRTF, the balance of which was \$451.4 million as of June 30, 2024.
43. TWIA's chief actuary stated at the August 6, 2024, board meeting that at current premium levels, a 10% rate increase would yield approximately \$75 million per year for the CRTF. He stated that while a 10% rate increase would be a step in the right direction, it would not establish rate adequacy.
44. TDI recognizes that coastal Texans are still recovering from Hurricane Beryl and increases in rates at this time would exacerbate the burdens they are facing.

Agent Commissions and Other Expenses

45. As noted in Finding of Fact 25, TWIA agents earn 16.0% of the premium for residential policies (except for manufactured homes) and commercial policies and 12.0% of the premium for manufactured home policies.
46. This is higher than the industry average of 13% of the premium for private market commissions.
47. Even if agent commissions were to be dropped to the industry average, rate indications would still be greater than 10%. However, the fact that TWIA pays commissions in excess of the industry average should be considered in assessing whether asking TWIA policyholders to pay for a rate increase is fair or just.
48. There may be other areas in which TWIA can cut expenses before asking policyholders to pay higher rates.

89th Legislature

49. The Legislature will have the opportunity to address TWIA's funding structure when the 89th Regular Session begins on January 14, 2025.

Conclusions of Law

1. The commissioner of insurance has jurisdiction over this matter under Insurance Code Chapter 2210.
2. Insurance Code § 2210.3511 requires that TWIA make its rate adequacy analysis publicly available at least 14 days before the board of directors votes on the submission of a proposed rate filing.
3. Insurance Code § 2210.352 requires that any proposed rate that exceeds the rate in effect must be approved by two-thirds of TWIA's board of directors.
4. Insurance Code § 2210.352 requires that TWIA file with TDI a proposed manual rate for all types and classes of risks written by TWIA not later than August 15 of each year.
5. Insurance Code §§ 2210.352 and 2210.354 and 28 TAC § 5.4701 require that the commissioner provide all interested persons a reasonable opportunity to review the filing, obtain copies, submit written comments or information related to the filing, and request additional supporting information on the filing.
6. Insurance Code § 2210.354 and 28 TAC § 5.4701 require written requests for additional supporting information and written comments or information related to the filing to be submitted no later than 5 p.m. on the date specified in the notice of the annual rate filing.
7. Insurance Code § 2210.354 requires TWIA to respond to a request for additional supporting information not later than the fifth day after the request is delivered.
8. Insurance Code § 2210.352(c) provides that the commissioner shall approve or disapprove TWIA's filings made under § 2210.352(a) in writing on or before October 15 of the year in which the filing is made, or the filing is deemed approved.


9. Insurance Code § 2210.352(d) provides that if the commissioner disapproves a filing, the commissioner shall state in writing the reasons for the disapproval and the criteria TWIA is required to meet to obtain approval.
10. Insurance Code § 2210.355(b) requires the commissioner to consider the past and prospective loss experience of hazards for which insurance is made available, TWIA's expenses of operation, a reasonable margin for contributions to the CRTF, payment of public security obligations, and all other relevant factors.
11. Insurance Code § 2210.355(c) requires that rates must be reasonable, adequate, not unfairly discriminatory, and nonconfiscatory as to any class of insurer.
12. Insurance Code § 2210.355(h) allows the commissioner to consider recognized catastrophe models in adopting rates.
13. The statutory requirements for posting TWIA's rate adequacy analysis under Insurance Code § 2210.3511 have been met.
14. The statutory requirements for voting on TWIA's annual rate filing under Insurance Code § 2210.352 have been met.
15. The statutory requirements for providing all interested persons a reasonable opportunity to review the filing, obtain copies, submit written comments or information related to the filing, and request additional supporting information on the filing under Insurance Code §§ 2210.352 and 2210.354, and 28 TAC § 5.4701 have been met.
16. The statutory requirements for responding to a request for additional supporting information under Insurance Code § 2210.354 have been met.
17. The actuarial requirements of Insurance Code § 2210.355(b)(1)–(4) and (c) have been met.
18. The TWIA rate requirements in Insurance Code § 2210.355 do not include "fair" and "just," but these requirements should be read in conjunction with Insurance Code § 560.002. Doing so means requiring TWIA rates to meet all the requirements in both sections and disapproving filed rates that do not, even if those rates meet some of the requirements.

19. The evidence gathered from the comments shows that a rate increase would be unjust and unfair because of the hardships a rate increase would impose on the coast.
20. The "fair" and "just" requirements of Insurance Code § 560.002 have not been met.
21. The items in Findings of Fact 33–49 constitute "other relevant factors within and outside this state," which must be considered under Insurance Code § 2210.355(b)(5) before TWIA's annual rate filing can be approved.

Order

It is ordered that the foregoing findings of fact and conclusions of law are adopted.

It is further ordered that the TWIA 2024 Annual Rate Filing is disapproved.

Signed by: 
FC5D7EDDFFBB4F8...
Cassie Brown
Commissioner of Insurance

Recommended and reviewed by:

Signed by: 
70ABE377123E401...
Mark Worman, Deputy Commissioner
Property and Casualty Division

Signed by: 
5DAC5618BBC74D4...
Jessica Barta, General Counsel
General Counsel Division

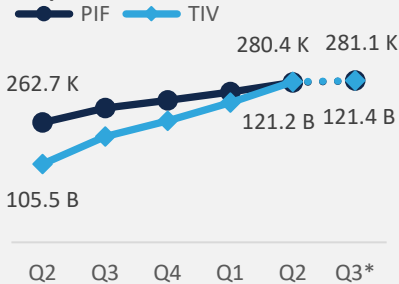
7. TWIA Operational Dashboard



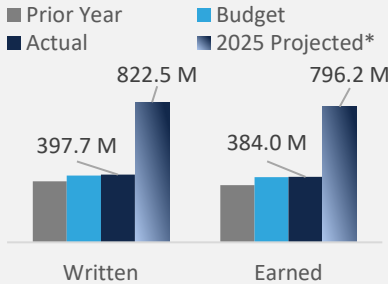
Operational Dashboard

Reporting as of June 30, 2025

Exposure Growth



Premiums



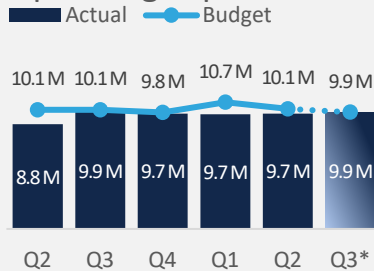
Net Income

Actual: \$ 171.0 M
Budget: 153.4 M
▲ 17.5 M

CRTF Balance

\$10.2 M

Operating Expenses



Claims Activity

Reported Claims: 4,083
Incurred Loss & LAE: \$72.4 M
Loss Ratio: 18.9%

Claims Disputes

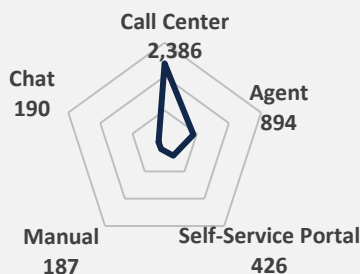
(% of Reported Claims)

TDI Complaints: 32 (0.8%)
Disputes: 56 (1.4%)
Lawsuits: 15 (0.4%)

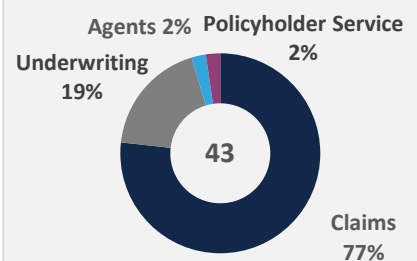
Headcount

Employees: 238
Contractors: 144
Total: 382

Claims Reporting



Complaints by Reason



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

CY 2024 Gross Premium to Surplus Ratio 1.49: 1



8. Financial

8A. Report of the Secretary/Treasurer

8A1. Income Statement

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



		For the six months ended June 30,		
		Actuals - 2025	Actuals - 2024	
1				2
2				3
3				4
4	Premiums Written:			5
5	Direct	\$ 397,671	\$ 358,405	6
6	Ceded	(416,548)	(389,883)	7
7	Ceded - Depopulation	0	0	8
8	Net	(18,877)	(31,478)	9
9				10
10	Premiums Earned:			11
11	Direct	\$ 384,002	\$ 336,359	12
12	Ceded	(69,425)	(64,980)	13
13	Ceded - Depopulation	0	0	14
14	Net	314,578	271,379	15
15				16
16	Deductions:			17
17	Direct Losses and LAE Incurred	37,401	189,477	18
18	Direct Losses and LAE Incurred - Harvey	0	0	19
19	Direct Losses and LAE Incurred - Beryl	35,000	0	20
20	Ceded Losses and LAE Incurred - Depopulation	0	0	21
21	Operating Expenses	19,413	18,522	22
22	Commission Expense	63,584	57,275	23
23	Ceding commissions / brokerage	(9,325)	(10,503)	24
24	Ceding commissions / brokerage - Depopulation	0	0	25
25	Premium / Maintenance Tax	6,907	6,236	26
26	Total Deductions	152,980	261,007	27
27				28
28	Net Underwriting Gain or (Loss)	161,598	10,372	29
29				30
30	Other Income or (Expense):			31
31	Gross Investment Income	10,086	14,324	32
32	Debt Issuance/Maintenance Fees & Other Investment Expenses	(42)	(14)	33
33	Line of Credit Fees	(671)	(697)	34
34	Interest Expense on Class 1 Bonds	0	0	35
35	Interest Expense on Short Term Debt	0	0	36
36	Premium Charge offs/Write offs	(1)	0	37
37	Miscellaneous Income (Expense)	0	0	38
38	Total Other Income or (Expense)	9,372	13,613	39
39				40
40	Net Income (Loss)	\$ 170,969	\$ 23,985	41
41				42
42	Surplus (Deficit) Account:			43
43	Beginning Surplus (Deficit)	(413,511)	45,853	44
44	Net Income (Loss)	170,969	23,985	45
45	Change in Provision for Reinsurance	0	0	46
46	Change in nonadmitted assets	(1,683)	2,865	47
47	Change in Unrecognized Pension Expense	0	0	48
48	Statutory Fund Rec/(Cost)	383,355	(0)	49
49	Ending Surplus (Deficit)	\$ 139,131	\$ 72,703	50
50				

8A2. Management Discussion and Analysis

Texas Windstorm Insurance Association

Management's Discussion and Analysis of Financial Results

For the Six Months Ended June 30, 2025

Written and Earned Premiums

Actual vs Budget	Jun-2025 YTD Actual	Jun-2025 YTD Budget	Variance Inc (Dec)	Variance % Inc (Dec)
Direct Written Premiums	\$ 397.7 M	\$ 391.6 M	\$ 6.0 M	1.5%
Direct Earned Premiums	\$ 384.0 M	\$ 383.2 M	\$ 0.8 M	0.2%
Policies In-Force	280,376	281,478	(1,102)	(0.4%)

Current Yr vs Prior Yr Actual	Jun-2025 YTD Actual	Jun-2024 YTD Actual	Variance Inc (Dec)	Variance % Inc (Dec)
Direct Written Premiums	\$ 397.7 M	\$ 358.4 M	\$ 39.3 M	11.0%
Direct Earned Premiums	\$ 384.0 M	\$ 336.4 M	\$ 47.6 M	14.2%
Policies In-Force	280,376	262,740	17,636	6.7%

Reinsurance Costs

The 2025-2026 reinsurance program inceptioned on June 1, 2025. Coverage for the 2025 hurricane season consists of \$2.45 billion of collateralized catastrophe bonds and \$1.777 billion of traditional reinsurance. Gross ceded premiums associated with the \$4.227 billion in coverage totaled \$416.6 million compared to a budgeted estimate of \$485.0 million. This total reflects an overall rate-on-line (ROL) of 9.9% compared to 9.6% ROL for the 2024/2025 program. The net cost of the reinsurance program after ceding commission was \$407.2 million. Reinsurance premiums ceded are recognized over the hurricane season beginning June 1 and ending on November 30 of each year.

Depopulation Program

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

Texas Windstorm Insurance Association

Management's Discussion and Analysis of Financial Results

(cont'd)

Loss and Loss Adjustment Expense Incurred

Actual vs Budget	Jun-2025 YTD Actual	Jun-2025 YTD Budget	Variance Inc (Dec)	Variance % Inc (Dec)
Direct Losses Incurred	\$ 40.4 M	\$ 59.6 M	(\$ 19.2 M)	(32.2%)
Direct LAE Incurred	\$ 32.0 M	\$ 17.4 M	\$ 14.6 M	84.0%
Total Direct Losses & LAE	\$ 72.4 M	\$ 77.0 M	(\$ 4.6 M)	(6.0%)
Loss & LAE Ratio	18.9%	20.1%		(1.2%)

Current Yr vs Prior Yr Actual	Jun-2025 YTD Actual	Jun-2024 YTD Actual	Variance Inc (Dec)	Variance % Inc (Dec)
Direct Losses Incurred	\$ 40.4 M	\$ 148.5 M	(\$ 108.0 M)	(72.8%)
Direct LAE Incurred	\$ 32.0 M	\$ 41.0 M	(\$ 9.0 M)	(22.0%)
Total Direct Losses & LAE	\$ 72.4 M	\$ 189.5 M	(\$ 117.1 M)	(61.8%)
Loss & LAE Ratio	18.9%	56.3%		(37.5%)

- The ultimate loss and loss adjustment expense estimate for Hurricane Beryl is \$515 million as of June 30, 2025.
- The ultimate loss and loss adjustment expense estimate for Hurricane Harvey remains at \$1.655 billion as of June 30, 2025.

Operating Expenses

Actual vs Budget	Jun-2025 YTD Actual	Jun-2025 YTD Budget	Variance Inc (Dec)	Variance % Inc (Dec)
Operating Expenses	\$ 19.4 M	\$ 20.8 M	(\$ 1.4 M)	(6.8%)
Operating Expense Ratio	5.1%	5.4%		(0.4%)

Current Yr vs Prior Yr Actual	Jun-2025 YTD Actual	Jun-2024 YTD Actual	Variance Inc (Dec)	Variance % Inc (Dec)
Operating Expenses	\$ 19.4 M	\$ 18.5 M	\$ 0.9 M	4.8%
Operating Expense Ratio	5.1%	5.5%		(0.5%)

- Net operating expenses shown above and on the statutory income statement exclude claims related expenses which are recorded in losses and loss adjustment expense. Expenses under budget include Personnel Expenses (\$890,000), Hardware and Software (\$160,000), and Other Operating Expenses (\$300,000).

Texas Windstorm Insurance Association

Management's Discussion and Analysis of Financial Results

(cont'd)

Commission Expense and Premium Taxes

Actual vs Budget	Jun-2025 YTD Actual	Jun-2025 YTD Budget	Variance Inc (Dec)	Variance % Inc (Dec)
Commission Expense	\$ 63.6 M	\$ 62.7 M	\$ 0.9 M	1.5%
Premium Taxes	\$ 6.9 M	\$ 7.1 M	(\$ 0.2 M)	(3.4%)

Current Yr vs Prior Yr Actual	Jun-2025 YTD Actual	Jun-2024 YTD Actual	Variance Inc (Dec)	Variance % Inc (Dec)
Commission Expense	\$ 63.6 M	\$ 57.3 M	\$ 6.3 M	11.0%
Premium Taxes	\$ 6.9 M	\$ 6.2 M	\$ 0.7 M	10.8%

Other Income (Expense)

- Operating account balances have been reduced to maximize amounts invested in Money Market Mutual Funds which provide a higher rate of interest earnings. Interest Income on the Association's investments in Money Market Mutual Funds exceed budget as yields have remained above 4% due to the Fed's concern over lingering inflation. Gross investment income was below prior year due to the reduction in cash balances to pay claims for Hurricane Beryl.

Actual vs Budget	Jun-2025 YTD Actual	Jun-2025 YTD Budget	Variance Inc (Dec)	Variance % Inc (Dec)
Gross Investment Income	\$ 10.1 M	\$ 7.4 M	\$ 2.7 M	37.0%

Current Yr vs Prior Yr Actual	Jun-2025 YTD Actual	Jun-2024 YTD Actual	Variance Inc (Dec)	Variance % Inc (Dec)
Gross Investment Income	\$ 10.1 M	\$ 14.3 M	(\$ 4.2 M)	(29.6%)

Net Income (Loss)

Actual vs Budget	Jun-2025 YTD Actual	Jun-2025 YTD Budget	Variance Inc (Dec)	Variance % Inc (Dec)
Net Income (Loss)	\$ 171.0 M	\$ 153.4 M	\$ 17.5 M	11.4%

Current Yr vs Prior Yr Actual	Jun-2025 YTD Actual	Jun-2024 YTD Actual	Variance Inc (Dec)	Variance % Inc (Dec)
Net Income (Loss)	\$ 171.0 M	\$ 24.0 M	\$ 147.0 M	612.8%

Texas Windstorm Insurance Association

Management's Discussion and Analysis of Financial Results

(cont'd)

Surplus (Deficit)

Current Period vs. Prior Year End Actual	Jun-2025 YTD Actual	Dec-24 YTD Actual	Variance Inc (Dec)	Variance % Inc (Dec)
Surplus (Deficit)	\$ 139.1 M	(\$ 413.5 M)	\$ 552.6 M	(133.6%)

- The Association's deficit of \$413.5 million at the end of 2024, improved to a surplus of \$139.1 million as of June 30, 2025, due primarily to the year-to-date net income of \$171.0 million and the receipt of Catastrophe Reserve Trust Funds in the amount of \$462.7 million.

8B. Financial Statement Review



TEXAS WINDSTORM
INSURANCE ASSOCIATION

QUARTERLY FINANCIAL STATEMENTS AND SCHEDULES

June 2025

Statutory Income Statement (In 000s)



	For the six months ended June 30,				
	Actuals - 2025	Budget - 2025	Variance - 2025	Actuals - 2024	
Premiums Written:					
Direct	\$ 397,671	391,630	\$ 6,040	\$ 358,405	
Ceded	(416,548)	(485,000)	68,452	(389,883)	
Ceded - Depopulation	0	0	0	0	
Net	(18,877)	(93,370)	74,493	(31,478)	
Premiums Earned:					
Direct	\$ 384,002	383,204	\$ 799	\$ 336,359	
Ceded	(69,425)	(80,833)	11,409	(64,980)	
Ceded - Depopulation	0	0	0	0	
Net	314,578	302,370	12,208	271,379	
Deductions:					
Direct Losses and LAE Incurred	\$ 37,401	\$ 77,005	\$ (39,605)	189,477	
Direct Losses and LAE Incurred - Harvey	0	0	0	0	
Direct Losses and LAE Incurred - Beryl	35,000	0	35,000	0	
Ceded Losses and LAE Incurred - Depopulation	0	0	0	0	
Operating Expenses	19,413	20,833	(1,420)	18,522	
Commission Expense	63,584	62,661	923	57,275	
Ceding commissions / brokerage	(9,325)	(12,125)	2,800	(10,503)	
Ceding commissions / brokerage - Depopulation	0	0	0	0	
Premium / Maintenance Tax	6,907	7,147	(240)	6,236	
Total Deductions	152,980	155,522	(2,542)	261,007	
Net Underwriting Gain or (Loss)	161,598	146,849	14,749	10,372	
Other Income or (Expense):					
Gross Investment Income	\$ 10,086	7,363	\$ 2,723	14,324	
Debt Issuance/Maintenance Fees & Other Investment Expenses	(42)	(54)	12	(14)	
Line of Credit Fees	(671)	(728)	56	(697)	
Premium Charge offs/Write offs	(1)	0	(1)	0	
Billing Fees	0	0	0	0	
Miscellaneous Income (Expense)	0	0	0	0	
Total Other Income or (Expense)	9,372	6,581	2,791	13,613	
Net Income (Loss)	\$ 170,969	\$ 153,430	\$ 17,540	\$ 23,985	

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



	For the six months ended June 30,				
	Actuals - 2025	Budget - 2025	Variance - 2025	Actuals - 2024	
Surplus (Deficit) Account:					
Beginning Surplus (Deficit)	(413,511)	(413,511)	0	45,853	
Net Income (Loss)	170,969	153,430	17,540	23,985	
Change in Provision for Reinsurance	0	0	0	0	
Change in nonadmitted assets	(1,683)	(1,577)	(106)	2,865	
Unassigned Funds - Unrecognized Pension Expense	0	0	0	0	
Statutory Fund Cost	383,355	445,475	(62,120)	(0)	
Ending Surplus (Deficit)	<u>\$ 139,131</u>	<u>\$ 183,817</u>	<u>\$ (44,686)</u>	<u>\$ 72,703</u>	
Key Operating Ratios:					
Direct:					
Loss & LAE Ratio:					
Non Hurricane	9.7%	20.1%	(10.4%)	56.3%	
Hurricane Harvey	0.0%	0.0%	0.0%	0.0%	
Hurricane Beryl	9.1%	0.0%	9.1%	0.0%	
Loss & LAE Ratio	<u>18.9%</u>	<u>20.1%</u>	<u>(1.2%)</u>	<u>56.3%</u>	
UW Expense Ratio:					
Acquisition	17.7%	17.8%	(0.1%)	17.7%	
Non Acquisition	5.1%	5.4%	(0.4%)	5.5%	
UW Expense Ratio	<u>22.8%</u>	<u>23.3%</u>	<u>(0.5%)</u>	<u>23.2%</u>	
Combined Ratio	<u>41.6%</u>	<u>43.4%</u>	<u>(1.7%)</u>	<u>79.6%</u>	
Net:					
Loss & LAE Ratio:					
Non Hurricane	11.9%	25.5%	(13.6%)	69.8%	
Hurricane Harvey	0.0%	0.0%	0.0%	0.0%	
Hurricane Beryl	11.1%	0.0%	11.1%	0.0%	
Loss & LAE Ratio	<u>23.0%</u>	<u>25.5%</u>	<u>(2.5%)</u>	<u>69.8%</u>	
UW Expense Ratio:					
Acquisition	21.3%	21.9%	(0.5%)	21.5%	
Non Acquisition	6.2%	6.9%	(0.7%)	6.8%	
UW Expense Ratio	<u>27.5%</u>	<u>28.8%</u>	<u>(1.2%)</u>	<u>28.4%</u>	
Combined Ratio	<u>50.5%</u>	<u>54.2%</u>	<u>(3.7%)</u>	<u>98.2%</u>	
Note: Beginning budgeted deficit adjusted to actual for comparative purposes.					

Statutory Expense Statement (In 000s)



Description	For the six months ended June 30,				Actuals - 2024
	Actuals - 2025	Budget - 2025	Variance - 2025		
Personnel Expenses					
Salaries & Wages - Permanent	\$ 8,046	\$ 8,568	\$ (522)	\$ 7,289	
Contractor & Temporary Help	14,069	19,979	(5,910)	2,661	
Payroll Taxes	602	625	(23)	545	
Employee Benefits	2,283	2,523	(240)	2,171	
Recruiting, Training & Other	32	255	(223)	148	
Subtotal	\$ 25,032	\$ 31,950	\$ (6,918)	\$ 12,814	
Professional & Consulting Services					
Legal	\$ 220	\$ 250	\$ (30)	\$ 207	
Accounting & Auditing	170	165	4	150	
Information Technology	1,676	1,777	(101)	2,255	
Actuarial Services	89	89	(0)	72	
Ombudsman Program	105	131	(26)	130	
Surveys & Inspections	171	254	(82)	726	
Disaster Recovery Services	6	7	(0)	4	
Other Services (1)	3,268	3,319	(52)	3,027	
Subtotal	\$ 5,704	\$ 5,992	\$ (287)	\$ 6,571	
Hardware/Software Purchases & Licensing	3,377	3,532	(155)	2,125	
Rental & Maintenance - Office/Equipment	510	546	(36)	460	
Travel Expenses	81	159	(78)	91	
Postage, Telephone and Express	780	746	35	629	
Capital Management Expenses	0	0	0	0	
Depreciation & Amortization	1,543	1,543	0	1,553	
Other Operating Expenses	790	1,138	(349)	775	
Total Operating Expenses	\$ 37,818	\$ 45,606	\$ (7,788)	\$ 25,018	
Capitalization of Fixed Assets	0	0	0	0	
Reimbursement of Depop Servicing Expense	0	0	0	(0)	
Allocation To ULAE	(18,362)	(24,749)	6,386	(6,473)	
Allocation To Investing & Other Expense	(42)	(24)	(18)	(24)	
Net Operating Expense - UW Operations	\$ 19,413	\$ 20,833	\$ (1,420)	\$ 18,522	

(1) Summary Details for Other Services:

VENDOR	Amount	Department
Accenture LLP	\$ 978	Expert Panel
Clear Point Claims LLC	321	Underwriting
AON Re Inc	300	Actuary
Marshall & Swift/Boeckh	276	Underwriting
Risk Management Solutions Inc	271	Expert Panel
Genesys Cloud Services, Inc.-	200	Underwriting/Claims
ISO Services Inc	178	Claims
Nearmap US, Inc	147	Claims
Xactware Solutions Inc	139	Claims
LexisNexis Risk Solutions FL Inc	89	Underwriting/Legal
Floatbot, Inc	67	Claims
Cornerstone OnDemand Inc	51	Human Resources
*Other Outside Services below \$50K	250	Various Departments
Total Other Services	\$ 3,268	

Statutory Balance Sheet (In 000s)



	<u>June-25</u>	<u>December-24</u>	
1			1
2 Admitted Assets			2
3 Cash and short term investments:			3
4 Unrestricted	\$ 734,831	\$ 261,866	4
5 Restricted - Funds Held at TTSTC	0	0	5
6 Restricted - Funds Held at TTSTC (Non Admitted)	0	0	6
7 Total cash and short term investments	734,831	261,866	7
8 Premiums receivable & other	68,803	57,786	8
9 Assessment receivable	0	0	9
10 Amounts recoverable from reinsurers	0	0	10
11 Total admitted assets	<u><u>\$ 803,634</u></u>	<u><u>\$ 319,652</u></u>	11
12			12
13 Liabilities, Surplus and other funds			13
14 Liabilities:			14
15 Loss and Loss adjustment expenses	131,515	161,475	15
16 Underwriting expenses payable	19,362	18,521	16
17 Unearned premiums, net of ceded unearned premiums	57,433	390,888	17
18 Ceded reinsurance premiums payable	346,288	143,271	18
19 Short Term Debt	0	0	19
20 Interest Payable on Short Term Debt	0	0	20
21 Principal Outstanding on Class 1 Pre Event Bonds	0	0	21
22 Interest Payable on Class 1 Pre Event Bonds	0	0	22
23 Provision for reinsurance	0	0	23
24 Other payables	30,533	19,007	24
25 Statutory fund payable	79,372	0	25
26 Total liabilities	<u><u>664,503</u></u>	<u><u>733,163</u></u>	26
27			27
28 Surplus and other funds			28
29 Unassigned surplus (deficit)	139,131	(413,511)	29
30 Total liabilities, surplus and other funds	<u><u>\$ 803,634</u></u>	<u><u>\$ 319,652</u></u>	30
31			31
32			32
33 Balance in CRTF	<u><u>\$ 10,192</u></u>	<u><u>\$ 466,330</u></u>	33
34			34
35 Balance in CRTF including Statutory fund payable	<u><u>\$ 89,564</u></u>	<u><u>\$ 466,330</u></u>	35
36			36

Statement of Cash Flows

(In 000s)



	For the six months ended June 30, 2025			
	Actual - 2025	Budget - 2025	Variance - 2025	
Cash flows from operating activities:				
Premiums collected, net of reinsurance	\$ 186,726	\$ 253,667	\$ (66,941)	
Losses and loss adjustment expense paid (1) (2)	(102,361)	(99,388)	(2,973)	
Underwriting expenses paid	(80,671)	(74,140)	(6,531)	
Member assessment received	0	0	0	
Other	(1,367)	0	(1,367)	
Net cash provided by operating activities	2,328	80,139	(77,811)	
Cash flows from non-operating activities:				
Statutory fund received/paid	462,728	468,000	(5,272)	
Other	0	0	0	
Net cash provided by non-operating activities	462,728	468,000	(5,272)	
Cash flows from investing activities:				
Sales and maturities of investments	0	0	0	
Net investment income	8,581	7,363	1,218	
Net cash provided by investing activities	8,581	7,363	1,218	
Cash flows from financing activities:				
Borrowed funds	0	0	0	
Borrowed funds repaid	0	0	0	
Debt and Credit Agreement Fees	(671)	(782)	110	
Net cash provided by financing activities	(671)	(782)	110	
Net increase (decrease) in cash and short-term investments	472,965	554,720	(81,755)	
Cash and short-term investments, Beginning	261,866	261,866	0	
Cash and short-term investments, Ending	\$ 734,831	\$ 816,586	\$ (81,755)	
(1) Direct Beryl Loss/LAE payments	\$ 61,438			
(2) Direct Harvey Loss/LAE payments	247			
Note: Beginning budgeted Cash and Short-term investments adjusted to actual for comparative purposes.				

1	Unrestricted Cash and Short Term Investments (\$ in 000s)											
2	June 30, 2025											
3												Are funds in excess of the
		Non Interest	Interest	Total Amount of	Average Daily	Investment		Total Deposit %				
4	Bank	Bearing	Bearing	Deposits	Balance for the Quarter	Income during the Quarter	Average Annual Yield	of TWIA's Portfolio	N.A. Bank Credit Rating	N.A Tier 1 Capital Ratio	N.A. Regulatory Capital	N.A. Regulatory Capital?
5								< 40%	Superior or Strong	> 10%	> \$25B	> .2% of N.A. Reg Capital
6	Balances as of 06/30/2025:											
7	Bank of America, Operating	\$ 162	\$ 60,933	\$ 61,095	\$ 42,638	\$ 329	3.1%	8%	Superior	13.4%	\$194	No
8	Citibank	0	0	0	0	0	0.0%	0%	Superior	14.2%	\$158	No
9	JP Morgan Chase	0	52,121	52,121	55,862	342	2.4%	7%	Superior	15.8%	\$278	No
10	Citibank IMMA	0	0	0	0	0	0.0%	0%	N/A	N/A	N/A	N/A
11	JP Morgan U.S. Treasury Plus Money Market Fund (1)	0	183,268	183,268	171,684	1,792	4.2%	25%	N/A	N/A	N/A	N/A
12	Chase Goldman Sachs (1)	0	149,231	149,231	148,706	1,538	4.1%	20%	N/A	N/A	N/A	N/A
13	BOA Morgan Stanley (2)	0	50,974	50,974	50,796	522	4.1%	7%	N/A	N/A	N/A	N/A
14	BOA Dreyfus Treasury (2)	0	115,754	115,754	115,348	1,191	4.1%	16%	N/A	N/A	N/A	N/A
15	Fidelity Treasury (2)	0	122,388	122,388	116,487	1,215	4.2%	17%	N/A	N/A	N/A	N/A
16												
17	Total of all financial institutions	\$ 162	\$ 734,669	\$ 734,831	\$ 701,521	\$ 6,929	4.0%	100%				
18												
19	Balances as of 03/31/2025:											
20	Bank of America, Operating	\$ 162	\$ 50,411	\$ 50,573	\$ 54,663	\$ 366	2.7%	7%	Superior	13.5%	\$194	No
21	Citibank	193	0	193	0	0	0.0%	0%	Superior	14.0%	\$156	No
22	JP Morgan Chase	0	13,711	13,711	53,137	320	2.4%	2%	Superior	16.0%	\$276	No
23	Citibank IMMA	0	118	118	118	0	0.9%	0%	N/A	N/A	N/A	N/A
24	JP Morgan U.S. Treasury Plus Money Market Fund (1)	0	161,734	161,734	46,337	483	4.2%	22%	N/A	N/A	N/A	N/A
25	Chase Goldman Sachs (1)	0	147,845	147,845	42,854	444	4.1%	20%	N/A	N/A	N/A	N/A
26	BOA Morgan Stanley (2)	0	50,446	50,446	50,268	519	4.1%	7%	N/A	N/A	N/A	N/A
27	BOA Dreyfus Treasury (2)	0	114,680	114,680	50,382	523	4.2%	16%	N/A	N/A	N/A	N/A
28	Fidelity Treasury (2)	0	111,330	111,330	48,054	502	4.2%	15%	N/A	N/A	N/A	N/A
29												
30	Total of all financial institutions	\$ 355	\$ 650,275	\$ 650,631	\$ 345,813	\$ 3,157	3.7%	89%				
31												
32	(1) The Fund invests in U.S. treasury bills, notes, bonds and other obligations issued or guaranteed by the U.S. Treasury.											
33	(2) The Fund invests in U.S. Treasury bills, notes, trust receipts and direct obligations of the U.S. Treasury.											
34	Bank credit rating, Tier 1 Capital Ratios, and Regulatory Capital were reviewed with the latest financial information available as of March 31, 2025. Rates, ratios and regulatory capital are comparable and consistent with year end National Association (N.A.) results.											

1971 - 2025												
(\$ with 000s omitted)												
	GROSS						NET					
	LIABILITY IN		RATE		WRITTEN PREMIUMS	LOSS & LAE INCURRED	UNDERWRITING			CRTF BALANCE		
	FORCE	POLICY	CHANGES	COMMERCIAL			EXPENSES	UNDERWRITING				
YEAR	END OF PERIOD	COUNT	RESIDENTIAL	COMMERCIAL			EARNED PREMIUMS	LOSS & LAE INCURRED	INCURRED	GAIN (LOSS)	END OF PERIOD	
1971-1987	\$ 35,367,740	\$ 788,610			\$ 164,538	\$ 187,465	\$ 113,518	\$ 187,465	\$ 35,926	\$ (109,874)		
1988	4,266,615	56,773	-5.4%	-15.0%	19,061	2,509	3,551	2,509	4,066	(3,024)		
1989	4,236,600	55,401	-	-	18,066	14,176	5,330	14,176	4,037	(12,883)		
1990	4,248,611	56,155	3.1%	-2.1%	18,244	1,590	16,761	1,590	4,171	11,000		
1991	4,346,209	54,145	25.0%	-2.0%	20,504	1,783	7,167	1,783	4,343	1,042		
1992	5,155,790	55,471	-20% (I)/-75% (B)	-22.9%	11,495	1,321	4,014	1,321	4,220	(1,527)		
1993	6,500,165	56,921	30.0%	-	19,377	4,778	123,515	4,778	5,161	113,576		
1994	7,645,176	63,348	-	-	26,545	1,572	25,692	1,572	6,982	17,138	124,847	
1995	8,828,140	69,807	25.0%	-	32,419	4,033	29,016	4,033	8,119	16,864	151,284	
1996	10,001,843	72,977	-	-	40,359	1,484	37,153	1,484	10,627	25,042	179,020	
1997	10,907,937	75,361	-	-	42,463	4,133	41,045	4,133	11,038	25,874	216,896	
1998	11,633,935	77,261	0.2%	-3.0%	44,411	27,235	28,256	27,235	12,181	(11,160)	238,221	
1999	11,972,502	75,947	-9.4%	-	44,581	11,320	28,702	11,320	11,524	5,858	250,403	
2000	12,052,604	73,815	8.7%	9.0%	48,012	7,937	28,470	7,937	11,681	8,852	268,563	
2001	13,249,407	77,022	18.5%	4.0%	54,631	8,011	31,112	8,011	12,936	10,165	280,063	
2002	16,003,048	85,668	-	5.0%	72,968	32,359	44,516	32,359	16,584	(4,427)	303,185	
2003	18,824,457	96,420	-	10.0%	87,987	24,955	51,702	24,955	19,682	7,065	305,599	
2004	20,796,656	103,503	9.6%	10.0%	102,384	6,115	52,230	6,115	21,911	24,204	308,729	
2005	23,263,934	109,693	-	10.0%	113,928	178,370	65,438	178,370	25,277	(138,209)	311,508	
2006	38,313,022	143,999	3.1%	13.4%	196,833	5,188	85,467	5,188	37,138	43,141	361,823	
2007	58,641,546	216,008	4.2%	3.7%	315,139	17,985	135,843	17,985	51,768	66,090	388,542	
2008	58,585,060	215,537	8.2%	5.4%	331,049	2,587,123	(138,560)	1,117,123	53,759	(1,309,442)	-	
2009	61,700,891	230,545	12.3%	15.6%	382,342	(486,314)	389,600	(183,974)	87,899	485,675	-	
2010	67,452,357	242,664	-	-	385,550	555,025	351,730	252,685	85,598	13,447	76,334	
2011	71,083,333	255,945	5.0%	5.0%	403,748	202,539	321,781	202,539	81,665	37,577	146,650	
2012	74,186,949	266,726	5.0%	5.0%	443,480	401,873	321,122	401,873	93,583	(174,334)	178,902	
2013	76,921,369	270,814	5.0%	5.0%	472,739	30,975	295,130	30,975	100,524	163,631	186,184	
2014	78,763,302	275,626	5.0%	5.0%	494,036	(13,994)	367,555	(13,994)	109,189	272,360	216,813	
2015	78,551,742	272,219	5.0%	5.0%	503,824	178,886	377,594	178,886	114,973	83,736	487,170	
2016	73,393,573	254,346	5.0%	5.0%	487,354	38,669	370,404	38,625	109,756	222,023	587,860	
2017	65,023,810	231,567	-	-	423,074	1,476,861	347,354	1,475,302	97,878	(1,225,826)	1,220	
2018	58,041,760	202,208	5.0%	5.0%	395,552	175,718	301,515	175,998	96,399	29,118	5,986	
2019	55,189,815	189,203	-	-	372,017	113,513	287,477	113,398	92,415	81,664	122,496	
2020	55,009,638	184,890	-	-	369,600	118,669	261,574	118,470	90,594	52,510	179,174	
2021	59,543,596	193,002	-	-	395,113	19,026	276,372	19,048	95,623	161,701	182,712	
2022	75,698,532	222,480	5.0%	5.0%	518,299	51,213	311,395	51,248	120,093	140,054	190,004	
2023	95,677,314	247,531	0.0%	0.0%	653,043	91,367	371,366	91,373	140,022	139,972	283,006	
2024	113,745,440	272,567	0.0%	0.0%	758,845	634,413	311,911	634,413	161,578	(484,080)	466,330	
2025	121,176,606	280,376	0.0%	0.0%	397,671	72,401	314,578	72,401	80,579	161,598	10,192	
TOTAL *					9,681,282	6,792,280	6,398,397	5,320,706	2,131,499	(1,053,808)		
*2025 data through 6/30/2025												

8C. Investment of Trust Fund Balances



TEXAS WINDSTORM
INSURANCE ASSOCIATION

MEMORANDUM

DATE: July 15, 2025
TO: David Durden, General Manager
FROM: Stuart Harbour, Chief Financial Officer
RE: **Investment of Trust Fund Balances (Sec. 2210.4521)**

Hi David, SB 900 added the following requirement regarding the Catastrophe Reserve Trust Fund (CRTF):

Sec. 2210.4521. INVESTMENT OF TRUST FUND BALANCES.

(a) The comptroller shall invest in accordance with the investment standard described by Section 404.024(j), Government Code, the portion of the trust fund balance that exceeds the amount of the sufficient balance determined under Subsection (b). The comptroller's investment of that portion of the balance is not subject to any other limitation or other requirement provided by Section 404.024, Government Code.

(b) At least once each 12-month period, the board of directors shall determine a balance for the trust fund that the board considers to be sufficient to meet the cash flow requirements of the fund in funding the payment of insured losses as provided by Section 2210.452(a).

[Emphasis added] After determining that sufficient balance, the board shall provide notice of the sufficient balance to the comptroller.

The TWIA Board of Directors last reviewed this provision in 2024 at the August Board of Directors Meeting.

This statutory provision allows the Comptroller to invest excess CRTF funds in a less restrictive manner using a “prudent investor” standard and it requires the TWIA board to provide an annual notification to the Comptroller regarding the excess funds/sufficient balance amount in the CRTF. The CRTF Balance is approximately \$10.2 M as of June 30, 2025. The CRTF is utilized for funding losses and expenses in excess of current year premiums and other revenue. Since there is a high probability that all of the funds in the CRTF may be required to be utilized in the event of a catastrophic event, TWIA staff believes that all the funds in the CRTF are necessary to meet the potential cash flow requirements of the fund in funding the payment of insured losses as provided by Section 2210.452(a). Thus, there are **no excess funds** in the CRTF at this time to be invested by the Comptroller under the prudent investor standard set forth in Chapter 424 of the Government Code.



Suggested language for a resolution by the TWIA board of directors at the August 5, 2025 meeting is as follows:

Resolved, that based on association staff analysis and recommendation, the Board of Directors hereby determines that at this time the entire balance of the Catastrophe Reserve Trust Fund is required to be kept available to meet the cash flow requirements of the fund in funding the payment of insured losses as provided by Section 2210.452(a) of the Texas Insurance Code. Thus, staff is directed to notify the Texas Comptroller's Office that the fund balance does not exceed the sufficient balance as defined in statute.

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

Thank you,
Stuart

8D. Selection of Auditors/Accountants for
2025 and Authorization of
Non-Audit Services



TEXAS WINDSTORM
INSURANCE ASSOCIATION

MEMORANDUM

DATE: July 15, 2025
TO: David Durden, General Manager
FROM: Stuart Harbour, Chief Financial Officer
RE: **Selection of Auditors/Accountants for 2025 and Authorization of Non-Audit Services**

Each year the association retains an accounting firm to conduct an independent audit of the association's financial statements as of and for the year ended December 31. Pursuant to an RFP process in 2021, Calhoun Thomson + Matza ("CTM") was selected to continue in their role as the association's independent auditor. I have attached the Statutory and GASB engagement letters from CTM for use in connection with the audit of the association's 2025 financial statements. Counsel has reviewed the letters and reports that they are the same as last year with no changes in terms or fee amounts. Staff recommends to the Board of Directors that the engagements be approved, and the letters executed. Staff also requests authority to use CTM as needed over the coming year for assistance with certain tax related items and for non-audit services associated with the issuance of catastrophe bonds. Resolution language is provided below.

The Board of Directors of the association, acting as the audit committee, authorizes and directs that the firm of Calhoun, Thomson + Matza be engaged to conduct the upcoming annual audits of the association's financial statements on the terms set forth in the Statutory and GASB engagement letters included in the board book. The staff of the association is further authorized to engage Calhoun, Thomson + Matza to provide permitted tax related non-audit services and certain non-audit services in connection with the issuance of catastrophe bonds during the coming year as needed.

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

Thank you,

Stuart

Agreement to provide services

July 10, 2025

Ms. Karen Guard, Secretary-Treasurer of the Board of Directors/Audit Committee
Texas Windstorm Insurance Association
4801 Southwest Pkwy Building One, Suite 200
Austin, Texas 78735

Dear Ms. Guard:

This agreement to provide services (the "Agreement") is intended to describe the nature and scope of our services.

Statutory Audit

As agreed, Calhoun, Thomson + Matza, LLP ("CTM" or "we") will audit the statutory statement of admitted assets, liabilities, surplus and other funds of Texas Windstorm Insurance Association (the "Association" or "you") as of December 31, 2025 and the related statutory statements of income, changes in surplus and other funds, and cash flows for the year then ending, in accordance with auditing standards generally accepted in the United States of America. The financial records and financial statements are the responsibility of the Association's management. In that regard, management is responsible for establishing and maintaining effective internal control over financial reporting, establishing and maintaining proper accounting records, selecting appropriate accounting principles, safeguarding the Association's assets, designing and implementing programs and controls to prevent and detect fraud, complying with relevant laws and regulations, and making all financial records and related information available to us.

Also, the supplementary information accompanying the statutory financial statements, as listed below, which are presented to comply with the National Association of Insurance Commissioners' Accounting Practices and Procedures Manual and Texas state law, will be subjected to the auditing procedures applied in our audit of the statutory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the statutory financial statements or to the statutory financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and our auditors' report will provide an opinion on it in relation to the statutory financial statements as a whole.

- Summary Investment Schedule as of December 31, 2025.

Ms. Karen Guard, Secretary-Treasurer of the Board of Directors/Audit Committee
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- Supplemental Investment Risk Interrogatories as of December 31, 2025.
- Reinsurance Interrogatories as of December 31, 2025.

You acknowledge and understand your responsibility for the preparation of the supplementary information in accordance with the applicable criteria. You also agree to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information. You also agree to present the supplementary information with the audited financial statements, or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and our report thereon.

Our responsibility is to express an opinion on the statutory financial statements based on our audit. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statutory financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We are also responsible for communicating with those charged with governance what our responsibilities are under generally accepted auditing standards, an overview of the planned scope and timing of the audit, and significant findings from the audit. The term “those charged with governance” is defined as the person(s) with responsibility for overseeing the strategic direction of the Association and obligations related to the accountability of the Association, including overseeing the financial reporting process. For the Association, we agree that the Audit Committee meets that definition.

At the conclusion of our audit, we will submit to you a report containing our opinion as to whether the statutory financial statements, taken as a whole, are fairly presented based on accounting principles prescribed or permitted by the Texas Department of Insurance. If, during the course of our work, it appears for any reason that we will not be in a position to render an unqualified opinion on the statutory financial statements, or that our report will require an explanatory paragraph, we will discuss this with you. It is possible that, because of unexpected circumstances, we may determine that we cannot render a report or otherwise complete the engagement. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or decline to issue a report as a result of the engagement. If, in our professional judgment, the circumstances require, we may resign from the engagement prior to completion.

We will design our audit, in accordance with auditing standards generally accepted in the United States of America, to obtain reasonable assurance about whether the statutory financial statements are free of material misstatements, whether caused by error or fraud. Our work will be based primarily upon selected tests of evidence

Ms. Karen Guard, Secretary-Treasurer of the Board of Directors/Audit Committee
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supporting the amounts and disclosures in the statutory financial statements and, therefore, will not include a detailed check of all of the Association's transactions for the period. Accordingly, an audit performed in accordance with auditing standards generally accepted in the United States of America is not a guarantee of the accuracy of the statutory financial statements, and there is a risk that material errors or fraud may exist and not be detected by us. Also, an audit is not designed to detect errors or fraud that are immaterial to the statutory financial statements. However, we will promptly inform you of any material errors or any fraud, whether material or not, that come to our attention. We will also inform you of possible illegal acts that come to our attention. In addition, during the course of our audit, statutory financial statement misstatements may be identified, either through our audit procedures or through communication by the Association's employees to us, and we will bring these misstatements to your attention as proposed adjustments. Management is responsible for recording such adjustments in the statutory financial statements, after evaluating their propriety based on a review of both the applicable authoritative literature and the underlying supporting evidence from the Association's files; or otherwise concluding and confirming in a representation letter provided to us at the conclusion of our audit that the effects of any uncorrected misstatements are, both individually and in the aggregate, immaterial to the statutory financial statements taken as a whole. At the conclusion of our audit we will communicate to those charged with governance all such uncorrected misstatements.

An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, we will express no such opinion. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses in internal control. However, we are responsible for ensuring that you are aware of any significant deficiencies or material weaknesses that come to our attention during our engagement.

CTM is retaining the Association as a client in reliance on information obtained during the course of our continuing client reacceptance procedures. Scott Weiss has been assigned the role of engagement partner and is responsible for directing the engagement and issuing the appropriate report on the Association's statutory financial statements.

Responsibility to Communicate with the Audit Committee

Although the objective of our audit of the statutory financial statements is not to report on the Association's internal control and we are not obligated to search for reportable conditions as part of our audit, we will communicate reportable conditions to you to the extent they come to our attention.

Ms. Karen Guard, Secretary-Treasurer of the Board of Directors/Audit Committee
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We will report to you, in writing, the following matters:

1. Audit adjustments detected during the audit that could, in our judgment, either individually or in aggregate have a significant effect on the Association's financial reports. Audit adjustments, whether or not recorded by the Association, are proposed corrections of the financial statements that may not have been detected except through the auditing procedures.
2. Uncorrected misstatements aggregated during the current engagement that were determined by management to be immaterial.
3. Any disagreements with management or other serious difficulties encountered during the audit.
4. Any other matter that is required to be communicated by generally accepted auditing standards.

We will also read the minutes of Audit Committee meetings for consistency with our understanding of the communications made to you and determine that you have received copies of all material written communications between ourselves and management.

E-mail Communication

In connection with this engagement, we may communicate with you or others via e-mail transmission. As e-mails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that e-mails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure or communication of e-mail transmissions, or for the unauthorized use or failed delivery of e-mails transmitted by us in connection with the performance of this engagement. In that regard, the Association agrees that we shall have no liability for any loss or damage from the use of e-mail, including any punitive, consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure of confidential information.

Ownership of Working Papers

The working papers prepared in conjunction with our audit are the property of our Firm, constitute confidential information, and will be retained by us in accordance with our Firm's policies and procedures. However, we may be required to make certain working papers available to State insurance regulators pursuant to authority given them by law

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or regulation. Access to the requested working papers will be provided to the State insurance regulators pursuant to a request under Chapter 401 of the Texas Insurance Code.

Reproduction of Audit Report

If the Association plans any reproduction or publication of our report, or any portion of it, copies of masters' or printers' proofs of the entire document, or if there is no proof, a copy of the entire document in its final form, should be submitted to us in sufficient time for our review and written approval before printing. You also agree to provide us with a copy of the final reproduced material for our written approval before it is distributed. If, in our professional judgment, the circumstances require, we may withhold our written approval.

Posting of Audit Report and Statutory Financial Statements on Your Web Site

You agree that, if you plan to post an electronic version of the statutory financial statements and audit report on your Web site, you will ensure that there are no differences in content between the electronic version of the statutory financial statements and audit report on your Web site and the signed version of the statutory financial statements and audit report provided to management by CTM.

Review of Documents for Sale of Securities

The audited statutory financial statements and our report thereon should not be provided or otherwise made available to recipients of any document to be used in connection with the sale of securities (including securities offerings on the Internet) without first submitting copies of the document to us in sufficient time for our review and written approval. If, in our professional judgment, the circumstances require, we may withhold our written approval.

Management Representations and Indemnification

As required by auditing standards generally accepted in the United States of America, we will request certain written representations from the Association's management at the close of our audit to confirm oral representations given to us and to indicate and document the continuing appropriateness of such representations and reduce the possibility of misunderstanding concerning matters that are the subject of the representations.

Availability of Records and Personnel

The Association agrees that all records, documentation, and information we request in connection with our audit will be made available to us (including those pertaining to

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related parties), that all material information will be disclosed to us, and that we will have the full cooperation of, and unrestricted access to, the Association's personnel during the course of the engagement.

You also agree to ensure that any third party valuation reports and/or actuarial reports that the Association provides to us to support amounts or disclosures in the statutory financial statements a) indicate the purpose for which they were intended, which is consistent with your actual use of such reports; and b) do not contain any restrictive language that would preclude us from using such reports as audit evidence.

Assistance by the Association's Personnel and Internet Access

We also ask that the Association's personnel prepare various schedules and analyses for our staff. However, except as otherwise noted by us, no personal information other than names related to the Association's employees and/or customers should be provided to us. In addition, we ask that the Association provides high-speed Internet access to our engagement team, if practicable, while working on the Association's premises. This assistance will serve to facilitate the progress of our work and minimize costs to the Association.

Other Services

We are always available to meet with you or other executives at various times throughout the year to discuss current business, operational, accounting, and auditing matters affecting the Association. Whenever you feel such meetings are desirable, please let us know. We are also prepared to provide services to assist you in any of these areas. We will also be pleased, at your request, to attend your director's meetings.

Independence

Professional and certain regulatory standards require us to be independent, in both fact and appearance, with respect to the Association in the performance of our services. Any discussions that you have with personnel of our Firm regarding employment could pose a threat to our independence. Therefore, we request that you inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence. In addition, if you hire one of our personnel, you agree to pay us a fee of 20% of that individual's base compensation at your Association 90 days from the first day of employment.

Provisions of the National Association of Insurance Commissioners' Model Audit Rule also require the Association's audit committee to pre-approve all permissible non-attest services. We agree not to perform any services without audit committee pre-approval and you agree to implement appropriate policies and procedures to ensure that the

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audit committee pre-approves any services that we or other independent auditors are asked to perform.

Dispute Resolution Procedure

If any dispute, controversy, or claim arises out of, relates to, or results from the performance or breach of this Agreement, excluding claims for non-monetary or equitable relief (collectively, the “Dispute”), either party may, upon written notice to the other party, request non-binding mediation. A recipient party of such notice may waive its option to resolve such Dispute by non-binding mediation by providing written notice to the party requesting mediation and then such parties hereto shall resolve such Dispute by binding arbitration as described below. Such mediation shall be assisted by a neutral mediator acceptable to both parties and shall require the commercially reasonable efforts of the parties to discuss with each other in good faith their respective positions and different interests to finally resolve such Dispute. If the parties are unable to agree on a mediator within twenty (20) days from delivery of the written notice, either party may invoke the mediation service of the American Arbitration Association (the “AAA”).

Each party may disclose any facts to the other party or to the mediator that it, in good faith, considers reasonably necessary to resolve the Dispute. However, all such disclosures shall be deemed in furtherance of settlement efforts and shall not be admissible in any subsequent proceeding against the disclosing party. Except as agreed to in writing by both parties, the mediator shall keep confidential all information disclosed during mediation. The mediator shall not act as a witness for either party in any subsequent proceeding between the parties.

Unless waived, such mediation shall conclude after the parties have engaged in good faith settlement negotiations, but nonetheless are unable to resolve the Dispute through the mediation process. The attorneys’ fees and costs incurred by each party in such mediation shall be borne solely by such party, except that the fees and expenses of the mediator, if any, shall be borne equally by the parties.

Any Dispute not resolved first by mediation between the parties (or if the mediation process is waived as provided herein) shall be decided by binding arbitration. The arbitration proceeding shall take place in Austin, Texas, unless the parties agree in writing to a different locale. The arbitration shall be governed by the provisions of the laws of the state in which the arbitration is to take place (except if there is no applicable state law providing for such arbitration, then the Federal Arbitration Act shall apply) and the substantive law of such state shall be applied without reference to conflicts of law rules. In any arbitration instituted hereunder, the proceedings shall proceed in accordance with the then current Arbitration Rules for Professional Accounting and Related Disputes of the AAA, except that the Arbitration Panel (as defined below) shall permit discovery that is consistent with the scope of discovery typically permitted by the Federal Rules of Civil Procedure and/or is otherwise customary in light of the complexity

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of the Dispute and the amount in controversy. Any Dispute regarding discovery, or the relevance or scope thereof, shall be determined by the Arbitration Panel (as defined below).

The arbitration shall be conducted before a panel of three persons, one selected by each party, and the third selected by the two party-selected arbitrators (the "Arbitration Panel"). The party-selected arbitrators shall be treated as neutrals. The Arbitration Panel shall have no authority to award non-monetary or equitable relief, but nothing herein shall be construed as a prohibition against a party from pursuing non-monetary or equitable relief in a state or federal court. The parties also waive the right to punitive damages and the arbitrators shall have no authority to award such damages or any other damages that are not strictly compensatory in nature. In rendering their award, the Arbitration Panel shall issue in writing findings of fact and conclusions of law. The Arbitration Panel shall not have authority to grant an award that is not supported by substantial evidence or that is based on an error of law, and such absence of substantial evidence or such error of law may be reviewed on appeal to vacate an award based on the standard of review otherwise applicable in the Federal Appellate Court responsible for the jurisdiction in which the arbitration is venued, and without regard to any heightened standard of review otherwise applicable to an arbitration decision rendered by the AAA. The confidentiality provisions applicable to mediation shall also apply to arbitration. The award issued by the Arbitration Panel may be confirmed in a judgment by any federal or state court of competent jurisdiction. No payment of any award or posting of any bond of any kind whatsoever is required to be made or posted until such Dispute is finally determined.

In no event shall a demand for arbitration be made after the date on which the initiation of the legal or equitable proceeding on the same Dispute would be barred by the applicable statute of limitations or repose. For the purposes of applying the statute of limitations or repose, receipt of a written demand for arbitration by the AAA shall be deemed the initiation of the legal or equitable proceeding based on such Dispute.

Fees

Our charges to the Association for the audit services described above will be \$78,750 all-inclusive except for out-of-town travel to Board meetings (if attendance is requested).

Our hourly rates are as follows:

Partner	\$275
Senior Manager	\$200
Senior Associate	\$170
Audit Associate	\$140

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This engagement includes only those services specifically described in this letter; any additional services not specified herein will be agreed to in a separate letter. Reasonable costs and time spent in legal matters or proceedings arising from our engagement (other than litigation to which we are a party), such as subpoenas, testimony, or consultation involving private litigation or arbitration, or government regulatory inquiries at your request or by subpoena, will be billed to the Association separately and the Association agrees to pay the same.

Bills will be rendered on a semi-monthly or other periodic basis, with payment terms of net due upon receipt. If payments are not received promptly, we reserve the right to stop work on the engagement.

If we elect to terminate our services for nonpayment, or for any other reason provided for in this letter, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all of our time expended, and to reimburse us for all of our out-of-pocket expenses and internal charges incurred, through the date of termination.

Miscellaneous

This Agreement is only intended to cover the services specified herein, although we look forward to many more years of pleasant association with the Association. This engagement is a separate and discrete event and any future services will be covered by a separate agreement to provide services.

Many banks have engaged a third party to electronically process cash or debt audit confirmation requests, and a few of those banks have mandated the use of this service. To the extent applicable, the Association hereby authorizes CTM to participate in this electronic confirmation process through the third party's Web site (e.g., by entering the Association's bank account information to initiate the process and then accessing the bank's confirmation response) and agrees that CTM shall have no liability in connection therewith.

Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable laws, regulations, or published interpretations, but if any provision of this Agreement shall be deemed prohibited, invalid, or otherwise unenforceable for any reason under such applicable laws, regulations, or published interpretations, such provisions shall be ineffective only to the extent of such prohibition, invalidity, or unenforceability and such revised provision shall be made a part of this Agreement as if it was specifically set forth herein. Furthermore, the provisions of the foregoing sentence shall not invalidate the remainder of such provision or the other provisions of this Agreement.

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This Agreement may be transmitted in electronic format and shall not be denied legal effect solely because it was formed or transmitted, in whole or in part, by electronic record; however, this Agreement must then remain capable of being retained and accurately reproduced, from time to time, by electronic record by the parties to this Agreement and all other persons or entities required by law. An electronically transmitted signature to this Agreement will be deemed an acceptable original for purposes of consummating this Agreement and binding the party providing such electronic signature.

Assignability

This Agreement is nonassignable.

Entire Agreement

This Agreement constitutes the entire agreement between the parties hereto with regard to the subject matter hereof and supersedes all other agreements relating to the subject matter hereof. There are no agreements, understandings, specific restrictions, warranties or representations relating to said subject matter between the parties other than those set forth herein or herein provided.

Amendment and Modification

This Agreement may only be amended or modified by the mutual written agreement of the parties.

Public Information

Notwithstanding any provision herein to the contrary, the parties hereby acknowledge and agree that TWIA is subject to the Texas Public Information Act, Tex. Gov't Code §552.001 et seq. ("Public Information Act") and Attorney General Opinions issued under that statute and must comply with the provisions of Texas law including the Public Information Act. Within three (3) days of receipt, CTM will refer to TWIA any third party requests, received directly by CTM, for information to which CTM has access as a result of or in the course of performing services under this Agreement.

Confidential Information and Subpoenas

CTM will not disclose to anyone, directly or indirectly, any work-papers, data, databases, materials, information or reports in any form that are designated as confidential or that are or could be construed as confidential or subject to restrictions on disclosure under applicable law ("Confidential Information") and received from TWIA or such Confidential Information to which CTM has access as a result of or in the course of performing services under this Agreement without the prior written consent of TWIA.

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This confidentiality provision does not apply to information required to be disclosed by law, legal process, and applicable professional standards or to information disclosed in connection with litigation relating to the Agreement or CTM's performance. Each party will protect the confidentiality of the Confidential Information in the same manner that it protects the confidentiality of its own proprietary and confidential information of like kind. Nothing in this Agreement shall prohibit or limit either party's use or disclosure of information (including, but not limited to, ideas, concepts, know-how, techniques, and methodologies) (i) previously known to it without obligation of confidence, (ii) independently developed by it, (iii) acquired by it from a third party which is not, to its knowledge, under an obligation of confidence with respect to such information, or (iv) which is or becomes publicly available through no breach of the Agreement. In the event either party receives a subpoena or other validly issued administrative or judicial process requesting Confidential Information, it shall provide prompt notice to the other of such receipt. The party receiving the subpoena shall thereafter be entitled to comply with such subpoena or other process to the extent permitted by law.

Very truly yours,



Acknowledged:

By _____

Ms. Karen Guard, Secretary-Treasurer of the Board of Directors/Audit Committee

Date _____

(Please sign and return to us one copy; retain the other copy for your files)

Agreement to provide services

July 10, 2025

Ms. Karen Guard, Secretary-Treasurer of the Board of Directors/Audit Committee
Texas Windstorm Insurance Association
4801 Southwest Pkwy Building One, Suite 200
Austin, Texas 78735

Dear Ms. Guard:

This agreement to provide services (the "Agreement") is intended to describe the nature and scope of our services.

Audit

As agreed, Calhoun, Thomson + Matza, LLP ("CTM" or "we") will audit the statement of net position of Texas Windstorm Insurance Association (the "Association" or "you") as of December 31, 2025 and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ending, in accordance with auditing standards generally accepted in the United States of America. The financial records and financial statements are the responsibility of your Association's management. In that regard, management is responsible for establishing and maintaining effective internal control over financial reporting, establishing and maintaining proper accounting records, selecting appropriate accounting principles, safeguarding Association assets, designing and implementing programs and controls to prevent and detect fraud, complying with relevant laws and regulations, and making all financial records and related information available to us.

Also, the supplementary information accompanying the financial statements, as listed below, will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditors' report will not provide an opinion or any assurance on such supplementary information.

- Management's discussion and analysis
- Schedule of changes in net pension liability and related ratio's
- Schedule of employer contributions

You acknowledge and understand your responsibility for the preparation of the supplementary information in accordance with the applicable criteria. You also agree to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information. You also agree to present the supplementary information with the audited financial statements, or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary

Ms. Karen Guard, Secretary-Treasurer of the Board of Directors/Audit Committee
Texas Windstorm Insurance Association
July 10, 2025
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information no later than the date of issuance of the supplementary information and our report thereon.

Our responsibility is to express an opinion on the financial statements based on our audit. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We are also responsible for communicating with those charged with governance what our responsibilities are under generally accepted auditing standards, an overview of the planned scope and timing of the audit, and significant findings from the audit. The term “those charged with governance” is defined as the person(s) with responsibility for overseeing the strategic direction of the Association and obligations related to the accountability of the Association, including overseeing the financial reporting process. For the Association, we agree that the Board of Directors meets that definition.

At the conclusion of our audit, we will submit to you a report containing our opinion as to whether the financial statements, taken as a whole, are fairly presented based on accounting principles generally accepted in the United States of America. If, during the course of our work, it appears for any reason that we will not be in a position to render an unqualified opinion on the financial statements, or that our report will require an explanatory paragraph, we will discuss this with you. It is possible that, because of unexpected circumstances, we may determine that we cannot render a report or otherwise complete the engagement. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or decline to issue a report as a result of the engagement. If, in our professional judgment, the circumstances require, we may resign from the engagement prior to completion.

We will design our audit to obtain reasonable assurance about whether the financial statements are free of material misstatements, whether caused by error or fraud. Our work will be based primarily upon selected tests of evidence supporting the amounts and disclosures in the financial statements and, therefore, will not include a detailed check of all of your Association’s transactions for the period. Accordingly, an audit performed in accordance with auditing standards generally accepted in the United States of America is not a guarantee of the accuracy of the financial statements, and there is a risk that material errors or fraud may exist and not be detected by us. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. However, we will promptly inform you of any material errors or any fraud, whether material or not, that come to our attention. We will also inform you of possible illegal acts that come to our attention. In addition, during the course of our audit, financial statement misstatements may be identified, either through our audit procedures or through communication by your employees to us, and we will bring these misstatements to your attention as proposed adjustments. Management is responsible for recording such adjustments in the financial statements, after evaluating their propriety based on a review of both the applicable authoritative literature and the underlying supporting evidence from the Association’s files; or otherwise concluding and confirming in a representation letter provided to us at the conclusion of our audit that the effects of any uncorrected misstatements are, both individually and in the aggregate, immaterial to the financial statements taken as a whole. At the conclusion of our audit we will communicate to those charged with governance all such uncorrected misstatements.

Ms. Karen Guard, Secretary-Treasurer of the Board of Directors/Audit Committee
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An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, we will express no such opinion. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses in internal control. However, we are responsible for ensuring that you are aware of any significant deficiencies or material weaknesses that come to our attention during our engagement.

CTM is retaining the Association as a client in reliance on information obtained during the course of our continuing client reacceptance procedures. Scott Weiss has been assigned the role of engagement partner and is responsible for directing the engagement and issuing the appropriate report on the Association's financial statements.

Responsibility to Communicate with the Audit Committee

Although the objective of our audit of the financial statements is not to report on the Association's internal control and we are not obligated to search for reportable conditions as part of our audit, we will communicate reportable conditions to you to the extent they come to our attention.

We will report to you, in writing, the following matters:

1. Audit adjustments detected during the audit that could, in our judgment, either individually or in aggregate have a significant effect on the Association's financial reports. Audit adjustments, whether or not recorded by the Association, are proposed corrections of the financial statements that may not have been detected except through the auditing procedures.
2. Uncorrected misstatements aggregated during the current engagement that were determined by management to be immaterial.
3. Any disagreements with management or other serious difficulties encountered during the audit.
4. Any other matter that is required to be communicated by generally accepted auditing standards.

We will also read the minutes of Audit Committee meetings for consistency with our understanding of the communications made to you and determine that you have received copies of all material written communications between ourselves and management.

E-mail Communication

In connection with this engagement, we may communicate with you or others via email. As e-mails can be intercepted, disclosed, used, and/or otherwise communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed, we cannot ensure that emails from us will be properly delivered and read only by the addressee.

Ms. Karen Guard, Secretary-Treasurer of the Board of Directors/Audit Committee
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Therefore, we disclaim and waive any liability for interception or unintentional disclosure of e-mail transmissions, or for the unauthorized use or failed delivery of e-mails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage arising from the use of email, including any punitive, consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure of confidential information.

Ownership of Working Papers

The working papers prepared in conjunction with our audit are the property of our Firm, constitute confidential information, and will be retained by us in accordance with our Firm's policies and procedures. However, we may be required to make certain working papers available to State insurance regulators pursuant to authority given them by law or regulation. Access to the requested working papers will be provided to the State insurance regulators pursuant to a request under Chapter 401 of the Texas Insurance Code.

Reproduction of Audit Report

If the Association plans any reproduction or publication of our report, or any portion of it, copies of masters' or printers' proofs of the entire document, or if there is no proof, a copy of the entire document in its final form, should be submitted to us in sufficient time for our review and written approval before printing. You also agree to provide us with a copy of the final reproduced material for our written approval before it is distributed. If, in our professional judgment, the circumstances require, we may withhold our written approval.

Posting of Audit Report and Financial Statements on Your Web Site

You agree that, if you plan to post an electronic version of the financial statements and audit report on your Web site, you will ensure that there are no differences in content between the electronic version of the financial statements and audit report on your Web site and the signed version of the financial statements and audit report provided to management by CTM. You also agree to indemnify CTM from any and all claims that may arise from any differences between the electronic and signed versions.

Review of Documents for Sale of Securities

The audited financial statements and our report thereon should not be provided or otherwise made available to recipients of any document to be used in connection with the sale of securities (including securities offerings on the Internet) without first submitting copies of the document to us in sufficient time for our review and written approval. If, in our professional judgment, the circumstances require, we may withhold our written approval.

Management Representations and Indemnification

As required by auditing standards generally accepted in the United States of America, we will request certain written representations from management at the close of our audit to confirm oral representations given to us and to indicate and document the continuing appropriateness of such representations and reduce the possibility of misunderstanding concerning matters that are the subject of the representations.

Ms. Karen Guard, Secretary-Treasurer of the Board of Directors/Audit Committee
Texas Windstorm Insurance Association
July 10, 2025
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Availability of Records and Personnel

You agree that all records, documentation, and information we request in connection with our audit will be made available to us (including those pertaining to related parties), that all material information will be disclosed to us, and that we will have the full cooperation of, and unrestricted access to, your personnel during the course of the engagement.

You also agree to ensure that any third party valuation reports that you provide to us to support amounts or disclosures in the financial statements a) indicate the purpose for which they were intended, which is consistent with your actual use of such reports; and b) do not contain any restrictive language that would preclude us from using such reports as audit evidence.

Assistance by Your Personnel and Internet Access

We also ask that your personnel prepare various schedules and analyses for our staff. However, except as otherwise noted by us, no personal information other than names related to Association employees and/or customers should be provided to us. In addition, we ask that you provide high-speed Internet access to our engagement team, if practicable, while working on the Association's premises. This assistance will serve to facilitate the progress of our work and minimize costs to you.

Other Services

We are always available to meet with you and other executives at various times throughout the year to discuss current business, operational, accounting, and auditing matters affecting your Association. Whenever you feel such meetings are desirable, please let us know. We are also prepared to provide services to assist you in any of these areas. We will also be pleased, at your request, to attend your directors' meetings.

Independence

Professional and certain regulatory standards require us to be independent, in both fact and appearance, with respect to your Association in the performance of our services. Any discussions that you have with personnel of our Firm regarding employment could pose a threat to our independence. Therefore, we request that you inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence. In addition, if you hire one of our personnel, you agree to pay us a fee of 20% of that individual's base compensation at your Association 90 days from the first day of employment.

Dispute Resolution Procedure

If any dispute, controversy, or claim arises out of, relates to, or results from the performance or breach of this Agreement, excluding claims for non-monetary or equitable relief (collectively, the "Dispute"), either party may, upon written notice to the other party, request non-binding mediation. A recipient party of such notice may waive its option to resolve such Dispute by non-binding mediation by providing written notice to the party requesting mediation and then such parties hereto shall resolve such Dispute by binding arbitration as described below. Such mediation shall be assisted by a neutral mediator acceptable to both parties and shall require the commercially reasonable efforts of the parties to discuss with each other in good faith their

Ms. Karen Guard, Secretary-Treasurer of the Board of Directors/Audit Committee
Texas Windstorm Insurance Association
July 10, 2025
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respective positions and different interests to finally resolve such Dispute. If the parties are unable to agree on a mediator within twenty (20) days from delivery of the written notice, either party may invoke the mediation service of the American Arbitration Association (the "AAA").

Each party may disclose any facts to the other party or to the mediator that it, in good faith, considers reasonably necessary to resolve the Dispute. However, all such disclosures shall be deemed in furtherance of settlement efforts and shall not be admissible in any subsequent proceeding against the disclosing party. Except as agreed to in writing by both parties, the mediator shall keep confidential all information disclosed during mediation. The mediator shall not act as a witness for either party in any subsequent proceeding between the parties.

Unless waived, such mediation shall conclude after the parties have engaged in good faith settlement negotiations, but nonetheless are unable to resolve the Dispute through the mediation process. The attorneys' fees and costs incurred by each party in such mediation shall be borne solely by such party, except that the fees and expenses of the mediator, if any, shall be borne equally by the parties.

Any Dispute not resolved first by mediation between the parties (or if the mediation process is waived as provided herein) shall be decided by binding arbitration. The arbitration proceeding shall take place in Austin, Texas, unless the parties agree in writing to a different locale. The arbitration shall be governed by the provisions of the laws of the state in which the arbitration is to take place (except if there is no applicable state law providing for such arbitration, then the Federal Arbitration Act shall apply) and the substantive law of such state shall be applied without reference to conflicts of law rules. In any arbitration instituted hereunder, the proceedings shall proceed in accordance with the then current Arbitration Rules for Professional Accounting and Related Disputes of the AAA, except that the Arbitration Panel (as defined below) shall permit discovery that is consistent with the scope of discovery typically permitted by the Federal Rules of Civil Procedure and/or is otherwise customary in light of the complexity of the Dispute and the amount in controversy. Any Dispute regarding discovery, or the relevance or scope thereof, shall be determined by the Arbitration Panel (as defined below).

The arbitration shall be conducted before a panel of three persons, one selected by each party, and the third selected by the two party-selected arbitrators (the "Arbitration Panel"). The party-selected arbitrators shall be treated as neutrals. The Arbitration Panel shall have no authority to award non-monetary or equitable relief, but nothing herein shall be construed as a prohibition against a party from pursuing non-monetary or equitable relief in a state or federal court. The parties also waive the right to punitive damages and the arbitrators shall have no authority to award such damages or any other damages that are not strictly compensatory in nature. In rendering their award, the Arbitration Panel shall issue in writing findings of fact and conclusions of law. The Arbitration Panel shall not have authority to grant an award that is not supported by substantial evidence or that is based on an error of law, and such absence of substantial evidence or such error of law may be reviewed on appeal to vacate an award based on the standard of review otherwise applicable in the Federal Appellate Court responsible for the jurisdiction in which the arbitration is venued, and without regard to any heightened standard of review otherwise applicable to an arbitration decision rendered by the AAA. The confidentiality provisions applicable to mediation shall also apply to arbitration. The award issued by the Arbitration Panel may be confirmed in a judgment by any federal or state court of competent jurisdiction. No payment of any award or posting of any bond of any kind whatsoever is required to be made or posted until such Dispute is finally determined.

Ms. Karen Guard, Secretary-Treasurer of the Board of Directors/Audit Committee
Texas Windstorm Insurance Association
July 10, 2025
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In no event shall a demand for arbitration be made after the date on which the initiation of the legal or equitable proceeding on the same Dispute would be barred by the applicable statute of limitations or repose. For the purposes of applying the statute of limitations or repose, receipt of a written demand for arbitration by the AAA shall be deemed the initiation of the legal or equitable proceeding based on such Dispute.

Fees

Our charges to the Association for the audit services described above will be \$14,200 all-inclusive except for out-of-town travel to Board meetings (if attendance is requested).

Our hourly rates are as follows:

Partner	\$275
Senior Manager	\$200
Senior Associate	\$170
Audit Associate	\$140

This engagement includes only those services specifically described in this Agreement; any additional services not specified herein will be agreed to in a separate letter. In the event you request us to, or we are required to, respond to a subpoena, court order, government regulatory inquiries, or other legal process against the Association or its management for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this or any prior engagements, you agree to compensate us for all time we expend in connection with such response, at our regular rates, and to reimburse us for all related out-of-pocket costs that we incur.

Bills will be rendered on a semi-monthly or other periodic basis, with payment terms of net due upon receipt. If payments are not received promptly, we reserve the right to stop work on the engagement.

If we elect to terminate our services for nonpayment, or for any other reason provided for in this Agreement, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all of our time expended, and to reimburse us for all of our out-of-pocket expenses and internal charges incurred, through the date of termination.

Miscellaneous

This Agreement is only intended to cover the services specified herein, although we look forward to many more years of pleasant association with the Association. This engagement is a separate and discrete event and any future services will be covered by a separate agreement to provide services.

Many banks have engaged a third party to electronically process cash or debt audit confirmation requests, and a few of those banks have mandated the use of this service. To the extent applicable, the Association hereby authorizes CTM to participate in this electronic confirmation process through the third party's Web site (e.g., by entering the Association's bank account

Ms. Karen Guard, Secretary-Treasurer of the Board of Directors/Audit Committee
Texas Windstorm Insurance Association
July 10, 2025
Page 8

information to initiate the process and then accessing the bank's confirmation response) and agrees that CTM shall have no liability in connection therewith.

Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable laws, regulations, or published interpretations, but if any provision of this Agreement shall be deemed prohibited, invalid, or otherwise unenforceable for any reason under such applicable laws, regulations, or published interpretations, such provisions shall be ineffective only to the extent of such prohibition, invalidity, or unenforceability and such revised provision shall be made a part of this Agreement as if it was specifically set forth herein. Furthermore, the provisions of the foregoing sentence shall not invalidate the remainder of such provision or the other provisions of this Agreement.

This Agreement may be transmitted in electronic format and shall not be denied legal effect solely because it was formed or transmitted, in whole or in part, by electronic record; however, this Agreement must then remain capable of being retained and accurately reproduced, from time to time, by electronic record by the parties to this Agreement and all other persons or entities required by law. An electronically transmitted signature to this Agreement will be deemed an acceptable original for purposes of consummating this Agreement and binding the party providing such electronic signature.

Assignability

This Agreement is nonassignable.

Entire Agreement

This Agreement constitutes the entire agreement between the parties hereto with regard to the subject matter hereof and supersedes all other agreements relating to the subject matter hereof. There are no agreements, understandings, specific restrictions, warranties or representations relating to said subject matter between the parties other than those set forth herein or herein provided.

Amendment and Modification

This Agreement may only be amended or modified by the mutual written agreement of the parties.

Public Information

Notwithstanding any provision herein to the contrary, the parties hereby acknowledge and agree that TWIA is subject to the Texas Public Information Act, Tex. Gov't Code §552.001 et seq. ("Public Information Act") and Attorney General Opinions issued under that statute and must comply with the provisions of Texas law including the Public Information Act. Within three (3) days of receipt, CTM will refer to TWIA any third party requests, received directly by CTM, for information to which CTM has access as a result of or in the course of performing services under this Agreement.

Confidential Information and Subpoenas

Ms. Karen Guard, Secretary-Treasurer of the Board of Directors/Audit Committee
Texas Windstorm Insurance Association

July 10, 2025

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CTM will not disclose to anyone, directly or indirectly, any work-papers, data, databases, materials, information or reports in any form that are designated as confidential or that are or could be construed as confidential or subject to restrictions on disclosure under applicable law ("Confidential Information") and received from TWIA or such Confidential Information to which CTM has access as a result of or in the course of performing services under this Agreement without the prior written consent of TWIA. This confidentiality provision does not apply to information required to be disclosed by law, legal process, and applicable professional standards or to information disclosed in connection with litigation relating to the Agreement or CTM's performance. Each party will protect the confidentiality of the Confidential Information in the same manner that it protects the confidentiality of its own proprietary and confidential information of like kind. Nothing in this Agreement shall prohibit or limit either party's use or disclosure of information (including, but not limited to, ideas, concepts, know-how, techniques, and methodologies) (i) previously known to it without obligation of confidence, (ii) independently developed by it, (iii) acquired by it from a third party which is not, to its knowledge, under an obligation of confidence with respect to such information, or (iv) which is or becomes publicly available through no breach of the Agreement. In the event either party receives a subpoena or other validly issued administrative or judicial process requesting Confidential Information, it shall provide prompt notice to the other of such receipt. The party receiving the subpoena shall thereafter be entitled to comply with such subpoena or other process to the extent permitted by law.

Very truly yours,



Acknowledged:

By _____

Ms. Karen Guard, Secretary-Treasurer of the Board of Directors/Audit Committee

Date _____

(Please sign and return to us one copy; retain the other copy for your files)

9. Actuarial

9A. Policy Counts/Exposures

Texas Windstorm Insurance Association
Statistical Report
As of June 30, 2025



County	<u>Policies In-Force</u>		<u>PIF Growth</u>		<u>Exposure In-Force</u>		<u>Exposure Growth</u>		<u>YTD Written Premium</u>		<u>Premium Growth</u>	
	6/30/24	6/30/25	Actual	Percentage	6/30/24	6/30/25	Actual	Percentage	6/30/24	6/30/25	Actual	Percentage
Aransas	8,252	8,885	633	7.70%	3,691,232,600	4,238,718,600	\$547,486,000	14.80%	14,288,317	15,313,540	\$1,025,223	7.20%
Brazoria	49,140	55,226	6,086	12.40%	19,315,633,100	23,716,269,300	\$4,400,636,200	22.80%	58,714,415	70,338,710	\$11,624,295	19.80%
Calhoun	4,601	4,728	127	2.80%	1,554,701,300	1,733,299,100	\$178,597,800	11.50%	6,006,870	6,373,240	\$366,370	6.10%
Cameron	11,512	11,518	6	0.10%	4,837,084,500	5,131,429,700	\$294,345,200	6.10%	17,588,022	17,381,414	-\$206,608	-1.20%
Chambers	7,390	8,496	1,106	15.00%	3,283,719,900	4,065,704,000	\$781,984,100	23.80%	10,087,322	11,567,367	\$1,480,045	14.70%
Galveston	81,639	85,328	3,689	4.50%	35,868,996,400	40,594,728,300	\$4,725,731,900	13.20%	121,337,660	134,376,823	\$13,039,163	10.70%
Harris	4,438	4,543	105	2.40%	1,855,141,800	1,989,569,400	\$134,427,600	7.20%	4,763,082	4,646,445	-\$116,637	-2.40%
Jefferson	32,256	34,407	2,151	6.70%	10,496,817,700	12,087,587,100	\$1,590,769,400	15.20%	36,853,968	42,298,938	\$5,444,970	14.80%
Kenedy	33	39	6	18.20%	7,099,700	10,618,600	\$3,518,900	49.60%	20,990	29,947	\$8,957	42.70%
Kleberg	1,045	1,094	49	4.70%	346,791,800	392,806,700	\$46,014,900	13.30%	1,748,689	1,902,355	\$153,666	8.80%
Matagorda	5,590	5,790	200	3.60%	1,846,929,900	2,104,304,600	\$257,374,700	13.90%	6,729,769	7,561,089	\$831,320	12.40%
Nueces	47,217	49,931	2,714	5.70%	19,012,327,300	21,156,030,800	\$2,143,703,500	11.30%	68,756,815	72,854,846	\$4,098,031	6.00%
Refugio	455	502	47	10.30%	142,544,300	170,862,700	\$28,318,400	19.90%	501,151	610,044	\$108,893	21.70%
San Patricio	8,770	9,480	710	8.10%	3,116,949,400	3,627,884,700	\$510,935,300	16.40%	10,451,398	11,826,074	\$1,374,676	13.20%
Willacy	402	409	7	1.70%	140,879,700	156,792,200	\$15,912,500	11.30%	577,770	589,803	\$12,033	2.10%
Total	262,740	280,376	17,636	6.70%	105,516,849,400	121,176,605,800	\$15,659,756,400	14.80%	358,426,238	397,670,635	\$39,244,397	10.90%

Texas Windstorm Insurance Association

Quarterly Liability Report

As of June 30, 2025



Class of Business	Policies Written		Risks Written		Premium Written		Liability at End of Quarter		In-Force at End of Quarter	
	During Qtr	YTD	During Qtr	YTD	During Qtr	YTD	Direct	Indirect	Policies	Risks
Aransas										
Commercial	145	225	398	537	2,012,347	3,020,288	511,922,200	13,998,420	433	999
Manufactured Home	102	156	102	156	192,171	297,611	18,538,400	0	245	245
Residential	2,468	4,076	2,468	4,076	7,248,413	11,995,641	3,708,258,000	336,081,360	8,207	8,207
Total	2,715	4,457	2,968	4,769	9,452,931	15,313,540	4,238,718,600	350,079,780	8,885	9,451
Brazoria										
Commercial	228	412	385	728	1,901,725	4,460,057	746,801,800	21,264,610	835	1,437
Manufactured Home	179	285	179	285	358,297	593,246	36,181,300	0	467	467
Residential	15,582	27,204	15,582	27,204	37,755,389	65,285,407	22,933,286,200	3,241,162,740	53,924	53,924
SUM:	15,989	27,901	16,146	28,217	40,015,411	70,338,710	23,716,269,300	3,262,427,350	55,226	55,828
Calhoun										
Commercial	53	99	114	208	711,134	1,012,397	169,781,400	3,719,910	204	447
Manufactured Home	27	43	27	43	47,388	80,044	6,186,100	0	83	83
Residential	1,336	2,207	1,336	2,207	3,270,727	5,280,799	1,557,331,600	140,674,660	4,441	4,441
SUM:	1,416	2,349	1,477	2,458	4,029,249	6,373,240	1,733,299,100	144,394,570	4,728	4,971
Cameron										
Commercial	267	446	874	1,274	5,128,455	8,247,863	1,975,599,200	20,448,215	839	2,219
Manufactured Home	37	53	37	53	57,674	91,098	6,427,300	0	105	105
Residential	3,035	5,017	3,035	5,017	5,375,705	9,042,453	3,149,403,200	293,381,180	10,574	10,574
SUM:	3,339	5,516	3,946	6,344	10,561,834	17,381,414	5,131,429,700	313,829,395	11,518	12,898

Texas Windstorm Insurance Association

Quarterly Liability Report

As of June 30, 2025



Class of Business	Policies Written		Risks Written		Premium Written		Liability at End of Quarter		In-Force at End of Quarter	
	During Qtr	YTD	During Qtr	YTD	During Qtr	YTD	Direct	Indirect	Policies	Risks
Chambers										
Commercial	27	53	41	89	330,876	706,849	111,453,700	2,689,365	122	199
Manufactured Home	33	69	33	69	59,736	124,908	10,037,600	0	135	135
Residential	2,492	4,181	2,492	4,181	6,424,238	10,735,610	3,944,212,700	571,480,340	8,239	8,239
SUM:	2,552	4,303	2,566	4,339	6,814,850	11,567,367	4,065,704,000	574,169,705	8,496	8,573
Galveston										
Commercial	621	1,047	1,182	2,112	10,724,255	19,097,717	3,503,637,000	81,314,850	2,112	4,217
Manufactured Home	105	167	105	167	192,827	308,807	21,132,800	0	298	298
Residential	25,080	42,966	25,080	42,966	68,474,001	114,970,299	37,069,958,500	4,594,778,660	82,918	82,918
SUM:	25,806	44,180	26,367	45,245	79,391,083	134,376,823	40,594,728,300	4,676,093,510	85,328	87,433
Harris										
Commercial	30	47	94	122	371,530	540,354	140,741,000	2,327,175	86	209
Manufactured Home	1	2	1	2	2,358	4,585	482,000	0	7	7
Residential	1,395	2,303	1,395	2,303	2,492,562	4,101,506	1,848,346,400	259,488,740	4,450	4,450
SUM:	1,426	2,352	1,490	2,427	2,866,450	4,646,445	1,989,569,400	261,815,915	4,543	4,666
Jefferson										
Commercial	241	395	435	684	3,638,285	5,027,301	961,362,000	23,476,754	865	1,610
Manufactured Home	55	86	55	86	98,273	155,409	9,008,800	0	122	122
Residential	10,515	17,117	10,515	17,117	22,574,332	37,116,228	11,117,216,300	1,510,692,540	33,420	33,420
SUM:	10,811	17,598	11,005	17,887	26,310,890	42,298,938	12,087,587,100	1,534,169,294	34,407	35,152

Texas Windstorm Insurance Association

Quarterly Liability Report

As of June 30, 2025



Class of Business	Policies Written		Risks Written		Premium Written		Liability at End of Quarter		In-Force at End of Quarter	
	During Qtr	YTD	During Qtr	YTD	During Qtr	YTD	Direct	Indirect	Policies	Risks
Kenedy										
Commercial	0	2	0	2	0	3,579	901,500	0	3	3
Manufactured Home	0	0	0	0	0	0	0	0	0	0
Residential	13	19	13	19	18,756	26,368	9,717,100	110,000	36	36
SUM:	13	21	13	21	18,756	29,947	10,618,600	110,000	39	39
Kleberg										
Commercial	17	32	35	54	771,747	874,068	64,372,900	910,020	54	82
Manufactured Home	3	3	3	3	6,537	6,537	364,500	0	4	4
Residential	291	541	291	541	557,735	1,021,750	328,069,300	36,339,020	1,036	1,036
SUM:	311	576	329	598	1,336,019	1,902,355	392,806,700	37,249,040	1,094	1,122
Matagorda										
Commercial	50	85	131	240	576,445	1,087,162	165,727,200	6,188,250	181	368
Manufactured Home	31	43	31	43	68,802	94,703	5,716,600	0	67	67
Residential	1,754	2,916	1,754	2,916	3,855,900	6,379,224	1,932,860,800	213,208,760	5,542	5,542
SUM:	1,835	3,044	1,916	3,199	4,501,147	7,561,089	2,104,304,600	219,397,010	5,790	5,977
Nueces										
Commercial	675	1,176	1,461	2,507	10,479,599	16,877,872	3,536,778,200	75,596,440	2,279	4,939
Manufactured Home	25	38	25	38	54,745	80,521	5,538,100	0	79	79
Residential	14,986	25,244	14,986	25,244	33,761,424	55,896,453	17,613,714,500	2,037,571,520	47,573	47,573
SUM:	15,686	26,458	16,472	27,789	44,295,768	72,854,846	21,156,030,800	2,113,167,960	49,931	52,591

Texas Windstorm Insurance Association

Quarterly Liability Report

As of June 30, 2025



Class of Business	Policies Written		Risks Written		Premium Written		Liability at End of Quarter		In-Force at End of Quarter	
	During Qtr	YTD	During Qtr	YTD	During Qtr	YTD	Direct	Indirect	Policies	Risks
Refugio										
Commercial	7	9	7	13	23,898	52,234	23,398,000	247,800	32	59
Manufactured Home	20	22	20	22	41,967	45,740	2,683,000	0	33	33
Residential	145	250	145	250	285,264	512,070	144,781,700	15,470,660	437	437
SUM:	172	281	172	285	351,129	610,044	170,862,700	15,718,460	502	529
San Patricio										
Commercial	100	156	228	332	936,536	1,550,159	240,599,500	5,645,470	305	603
Manufactured Home	41	59	41	59	87,436	126,237	7,523,200	0	91	91
Residential	2,742	4,618	2,742	4,618	5,942,430	10,149,678	3,379,762,000	433,732,120	9,084	9,084
SUM:	2,883	4,833	3,011	5,009	6,966,402	11,826,074	3,627,884,700	439,377,590	9,480	9,778
Willacy										
Commercial	10	14	29	34	150,462	159,484	27,028,000	99,900	31	70
Manufactured Home	6	7	6	7	8,597	9,645	718,300	0	11	11
Residential	118	177	118	177	291,389	420,674	129,045,900	9,145,680	367	367
SUM:	134	198	153	218	450,448	589,803	156,792,200	9,245,580	409	448
Total All Counties										
Commercial	2,471	4,198	5,414	8,936	37,757,294	62,717,384	12,180,103,600	257,927,179	8,381	17,461
Manufactured Home	665	1,033	665	1,033	1,276,808	2,019,091	130,538,000	0	1,747	1,747
Residential	81,952	138,836	81,952	138,836	198,328,265	332,934,160	108,865,964,200	13,693,317,980	270,248	270,248
SUM:	85,088	144,067	88,031	148,805	237,362,367	397,670,635	121,176,605,800	13,951,245,159	280,376	289,456

9B. Reserve Adequacy



TEXAS WINDSTORM
INSURANCE ASSOCIATION

MEMORANDUM

DATE: July 18, 2025

TO: David Durden
General Manager

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

RE: TWIA Reserve Adequacy as of June 30, 2025

The TWIA actuarial staff has completed a review of Texas Windstorm Insurance Association loss and loss adjustment expense reserves as of June 30, 2025.

As of June 30, 2025, TWIA carried \$131.5 million in total gross loss and loss adjustment expense reserves. The total gross loss and loss adjustment expense reserves include the reserves for Hurricane Harvey, Hurricane Beryl, and all other outstanding claims.

The estimate of ultimate gross loss & expense associated with Hurricane Beryl has increased to \$515 million due to adverse development on both claim frequency and severity. TWIA actuarial staff will continue to monitor the development of claims associated with this event and update the ultimate estimate as necessary going forward. The selected ultimate gross loss & expense estimate for Hurricane Harvey remains at \$1.655 billion.

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

JM

9C. Aon Contract



TEXAS WINDSTORM
INSURANCE ASSOCIATION

MEMORANDUM

DATE: July 18, 2025

TO: David Durden
General Manager

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

RE: Catastrophe Modeling Services Provided by Aon

At its August 8, 2023 meeting, the TWIA Board of Directors asked staff to revisit annually the current contract with Aon to provide catastrophe modeling services in conjunction with the determination of the 100-year probable maximum loss and as part of the ratemaking process.

The Aon Statement of Work (SOW) under which they provide catastrophe modeling services provides for an automatic renewal on January 1 of each year unless either party notifies the other on or before December 1 of the preceding year.

In 2023, TWIA contacted the four modeling firms with catastrophe models currently in use to research the costs of licensing the individual models directly. Based on preliminary conversations, licensing fees would be in excess of Aon's current annual fee.

Aon has continued to provide all contracted services to TWIA in 2025 and has been responsive to all questions and requests by TWIA staff.

Staff concludes that the level and cost of services provided by Aon continue to be appropriate. Based on this, staff recommends no change to the current Aon engagement at this time, with another Request For Proposal (RFP) process to take place in 2026, five years after the initial RFP.

JM

9D. Statutory Maximum Limits of Liability



TEXAS WINDSTORM
INSURANCE ASSOCIATION

MEMORANDUM

DATE: July 18, 2025

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

FROM: Jordan He, FCAS, MAAA
Senior Actuary

RE: Texas Windstorm Insurance Association Adjustments to Maximum Liability Limits

Section 2210.502(a) of the Texas Insurance Code states that the Texas Windstorm Insurance Association shall propose to the Commissioner inflation adjustments to its maximum liability limits at a rate that reflects any change in the BOECKH index.

TWIA Actuarial staff has completed its review of Texas Windstorm Insurance Association adjustments to its maximum liability limits. These indicated limits are as follows:

	Current 2025	Proposed 2026	% Change
Dwellings and individually owned townhouses	\$1,773,000	\$1,809,000	2.0%
Manufactured Home	\$116,700	\$119,000	2.0%
Contents of an apartment, condominium, or townhouse	\$374,000	\$382,000	2.1%
Commercial structures and associated contents	\$4,424,000	\$4,547,000	2.8%

Supporting documents are attached.

Sincerely,

Jordan He

TEXAS INSURANCE CODE

Sec. 2210.502. ADJUSTMENTS TO MAXIMUM LIABILITY LIMITS. (a) Not later than September 30 of each year, the board of directors shall propose inflation adjustments to the maximum liability limits imposed under Section [2210.501](#) in increments of \$1,000, rounded to the nearest \$1,000, considering the limits imposed by Section [2210.501\(b\)](#), at a rate that reflects any change in the BOECKH Index. If the BOECKH Index ceases to exist, the board of directors shall propose the adjustments in the same manner based on another index that the board of directors determines accurately reflects changes in the cost of construction or residential values in the catastrophe area.

(b) An adjustment to the maximum liability limits that is approved by the commissioner applies to each windstorm and hail insurance policy delivered, issued for delivery, or renewed on or after January 1 of the year following the date of the approval. The indexing of the limits shall adjust for changes occurring on and after January 1, 1997.

(c) The board of directors may propose additional increases in the maximum liability limits as the board determines necessary to implement the purposes of this chapter.

(d) Notwithstanding Section [2210.501\(b\)](#), the maximum liability limit imposed under Section [2210.501\(b\)\(2\)](#) is frozen, and the indexing and adjustments provided by this section do not apply to that limit, until the limit imposed on a structure subject to Section [2210.501\(b\)\(4\)](#) and the corporeal property located in that structure reaches or exceeds \$2,192,000, at which time the limit imposed under Section [2210.501\(b\)\(2\)](#) shall be indexed and adjusted as provided for a risk under Section [2210.501\(b\)\(4\)](#).

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. [2017](#)), Sec. 2, eff. April 1, 2007.

Texas Windstorm Insurance Association
Calculation of Indicated Limits of Liability
To Be Effective January 1, 2026

Using Marshall & Swift / Boeckh Building Cost Index Numbers



Type of Construction	Ratio of Total TWIA Business	Boeckh Index as of May/June 2024			Boeckh Index as of May/June 2025		
		Corpus Christi	Houston	Average	Corpus Christi	Houston	Average
<u>Dwelling, including individually owned townhouse unit, & associated corporeal movable property</u>							
Frame	97.33%	3374.6	3376.7	3375.7	3411.4	3475.4	3443.4
Brick	2.67%	3418.4	3543.7	3481.1	3473.0	3672.8	3572.9
Weighted Average Factor				3378.5			3446.9
Indicated Change							2.0%
Current Limit							1,773,000
Indicated Limit of Liability							1,809,000
Proposed Limit of Liability							1,809,000
<u>Manufactured Homes*</u>							
Residential Dwelling Frame	100%	3374.6	3376.7	3375.7	3411.4	3475.4	3443.4
Indicated Change							2.0%
Current Limit							116,700
Indicated Limit of Liability							119,000
Proposed Limit of Liability							119,000
<u>Individually-owned corporeal movable property located in an owner-occupied apartment, residential condominium, or townhouse unit</u>							
Frame	61.58%	3374.6	3376.7	3375.7	3411.4	3475.4	3443.4
Brick	38.42%	3418.4	3543.7	3481.1	3473.0	3672.8	3572.9
Weighted Average Factor				3416.1			3493.2
Indicated Change							2.3%
Current Limit							374,000
Indicated Limit of Liability							382,000
Proposed Limit of Liability							382,000
<u>Structure other than a dwelling or public building and the corporeal movable property located in that structure</u>							
Apartments - Brick, Wood	32.56%	3,491.0	3,479.6	3485.3	3,525.4	3,588.6	3557.0
Apartments - Brick, Concrete	4.20%	3,448.1	3,785.8	3617.0	3,538.3	3,904.4	3721.4
Apartments - Brick, Steel	7.76%	3,664.4	4,159.0	3911.7	3,738.1	4,167.3	3952.7
Commercial - Frame	22.13%	3,701.2	3,841.7	3771.5	3,790.5	4,013.6	3902.1
Commercial - Steel	19.70%	3,645.5	3,875.9	3760.7	3,725.7	4,049.5	3887.6
Commercial - Brick, Wood	0.14%	3,727.5	3,797.1	3762.3	3,821.1	3,947.5	3884.3
Commercial - Brick, Steel	0.06%	3,902.8	4,644.3	4273.6	4,032.4	4,775.7	4404.1
Commercial - Brick, Concrete	13.44%	3,271.5	3,753.0	3512.3	3,367.1	3,905.3	3636.2
Weighted Average Factor				3645.6			3747.4
Indicated Change							2.8%
Current Limit							4,424,000
Indicated Limit of Liability							4,547,000
Proposed Limit of Liability							4,547,000

* Manufactured Homes indexed based on Residential Frame Building Cost Index

Texas Windstorm Insurance Association
Proposed Limits of Liability
To Be Effective January 1, 2026
Impact on Exposures In-Force as of 6/30/25



Statutory Limits of Liability

	Current	Proposed	Increase
Dwelling	1,773,000	1,809,000	36,000
Manufactured Home	116,700	119,000	2,300
Contents	374,000	382,000	8,000
Non-Dwelling	4,424,000	4,547,000	123,000

	Risks at Statutory Limits	<u>Exposure</u> Current	Proposed	Increase
Dwelling	876	1,553,148,000	1,584,684,000	31,536,000
Manufactured Home	44	5,134,800	5,236,000	101,200
Contents	123	46,002,000	46,986,000	984,000
Non-Dwelling	365	1,614,760,000	1,659,655,000	44,895,000
Total	1408	3,219,044,800	3,296,561,000	77,516,200
Total TWIA Exposure				121,176,605,800
% Increase in TWIA Exposure				0.06%

MS/B BUILDING COST INDEX NUMBERS			MSB			May - June 2024				
LOCATION	RESIDENCES		APARTMENTS, HOTEL and OFFICE BUILDING			COMMERCIAL and FACTORY BUILDINGS				
	Frame	Brick	Brick Wood	Brick Conc.	Brick Steel	Frame	Steel	Brick Wood	Brick Steel	Brick Conc.
SOUTH CAROLINA										
CHARLESTON	3848.1	3982.2	3299.2	3432.1	3862.8	3505.9	3888.8	3727.0	4347.3	3649.4
COLUMBIA	3578.5	3604.0	3071.9	3208.2	3662.2	3403.2	3661.9	3319.0	4174.6	3421.3
GREENVILLE	3441.9	3557.3	3277.4	3364.8	3695.8	3466.8	3694.3	3582.9	4086.4	3431.0
SOUTH DAKOTA										
PIERRE	3285.5	3651.6	3721.0	3811.6	3754.2	3427.8	3623.7	3818.7	4171.4	3915.7
RAPID CITY	3379.9	3790.7	3863.3	3931.3	3865.9	3489.5	3718.6	3942.9	4317.4	4075.1
SIOUX FALLS	3527.0	3675.7	3691.4	3887.9	4160.3	3719.6	3988.6	3881.0	4721.0	4198.3
TENNESSEE										
CHATTANOOGA	3279.9	3465.2	3343.0	3573.3	3641.9	3518.6	3973.7	3642.4	4413.2	3790.5
KNOXVILLE	3035.2	3241.9	3183.9	3491.5	3748.1	3398.3	3738.4	3386.1	4245.1	3679.7
MEMPHIS	3258.9	3395.7	3281.5	3603.0	4149.6	3507.8	3953.9	3656.5	4645.8	3788.8
NASHVILLE	3423.7	3488.9	3407.3	3584.2	4202.5	3564.0	4025.6	3672.1	4822.2	3760.7
TEXAS										
ABILENE	3288.4	3442.4	3247.4	3270.5	3512.3	3488.8	3467.4	3708.8	3965.4	3481.0
AMARILLO	3217.6	3377.7	3216.6	3236.0	3550.2	3427.4	3451.2	3588.9	4004.6	3382.7
AUSTIN	3382.1	3553.6	3492.9	3494.3	3948.7	3674.0	3820.1	3828.3	4299.1	3563.6
CORPUS CHRISTI	3374.6	3418.4	3491.0	3448.1	3664.4	3701.2	3645.5	3727.5	3902.8	3271.5
DALLAS	3462.5	3664.5	3613.6	3662.0	4112.2	3683.8	3709.1	3984.5	4465.1	3831.3
EL PASO	3061.1	3252.5	3274.9	3272.0	3556.9	3450.5	3554.5	3551.7	3908.6	3319.6
FORT WORTH	3395.4	3593.5	3545.3	3590.9	4039.2	3622.4	3672.5	3794.3	4469.6	3724.4
HOUSTON	3376.7	3543.7	3479.6	3785.8	4159.0	3841.7	3875.9	3797.1	4644.3	3753.0
LONGVIEW	3382.1	3527.0	3444.5	3519.6	3925.4	3631.1	3737.7	3807.3	4372.8	3651.1
LUBBOCK	3196.9	3313.0	3355.1	3444.4	3762.5	3487.2	3604.1	3602.0	4022.0	3390.6
ODESSA	3148.3	3414.9	3276.1	3291.9	3674.9	3495.8	3630.6	3594.7	4021.0	3255.3
SAN ANTONIO	3299.1	3517.8	3479.5	3491.2	3756.7	3705.7	3814.7	3709.2	4196.9	3534.1
WACO	3307.7	3450.8	3307.8	3366.9	3785.8	3390.2	3657.7	3576.6	4215.5	3376.5
WICHITA FALLS	3491.0	3656.5	3360.5	3346.7	3638.3	3560.9	3518.7	3634.2	4079.7	3430.4
UTAH										
SALT LAKE CITY	3995.2	4303.9	3926.3	4320.5	4564.0	4029.4	4283.7	4171.7	5544.1	4483.4
VERMONT										
BURLINGTON	3786.4	3888.4	3979.8	4111.3	4511.3	4010.8	4188.4	4316.0	5050.9	4332.7
MONTPELIER	3809.0	3975.1	4020.5	4190.5	4491.7	4016.5	4198.8	4343.6	5039.2	4406.2

MS/B BUILDING COST INDEX NUMBERS			MSB			May - June 2025				
LOCATION	RESIDENCES		APARTMENTS, HOTEL and OFFICE BUILDING			COMMERCIAL and FACTORY BUILDINGS				
	Frame	Brick	Brick Wood	Brick Conc.	Brick Steel	Frame	Steel	Brick Wood	Brick Steel	Brick Conc.
SOUTH CAROLINA										
CHARLESTON	3956.2	4143.4	3408.9	3592.4	3963.7	3669.7	4050.5	3885.5	4554.9	3835.0
COLUMBIA	3715.5	3746.2	3183.1	3347.8	3717.2	3561.9	3814.0	3470.1	4330.5	3584.1
GREENVILLE	3469.3	3646.9	3326.6	3477.2	3714.3	3564.9	3764.9	3680.5	4222.9	3570.3
SOUTH DAKOTA										
PIERRE	3315.1	3702.9	3739.6	3869.1	3776.7	3465.6	3667.3	3868.4	4276.7	3966.7
RAPID CITY	3434.2	3870.4	3905.9	3998.4	3896.4	3531.4	3778.2	3998.1	4430.3	4136.3
SIOUX FALLS	3548.2	3701.4	3706.1	3907.0	4164.4	3753.2	4008.5	3904.3	4763.5	4244.1
TENNESSEE										
CHATTANOOGA	3348.7	3648.2	3437.0	3692.0	3747.7	3592.6	4053.5	3730.1	4560.1	3873.9
KNOXVILLE	3093.3	3393.6	3257.7	3633.2	3857.9	3522.2	3859.4	3492.2	4435.2	3802.3
MEMPHIS	3350.2	3561.0	3373.7	3718.9	4198.9	3599.1	4025.3	3755.4	4729.5	3910.3
NASHVILLE	3545.1	3688.5	3531.6	3744.7	4261.6	3694.3	4152.0	3806.3	4983.5	3898.1
TEXAS										
ABILENE	3334.4	3592.4	3302.6	3379.5	3672.9	3573.0	3558.1	3798.2	4163.0	3568.7
AMARILLO	3282.4	3469.6	3281.4	3330.7	3582.2	3530.8	3555.7	3682.8	4093.2	3485.0
AUSTIN	3436.5	3661.5	3556.1	3611.2	4036.3	3778.0	3944.0	3944.5	4456.1	3686.5
CORPUS CHRISTI	3411.4	3473.0	3525.4	3538.3	3738.1	3790.5	3725.7	3821.1	4032.4	3367.1
DALLAS	3493.5	3727.0	3645.9	3754.4	4145.0	3773.0	3806.4	4076.9	4577.7	3947.5
EL PASO	3097.9	3364.4	3321.0	3384.7	3617.8	3544.7	3651.4	3645.0	4046.8	3427.1
FORT WORTH	3429.2	3651.2	3573.5	3677.8	4063.4	3702.7	3761.4	3878.4	4582.4	3829.8
HOUSTON	3475.4	3672.8	3588.6	3904.4	4167.3	4013.6	4049.5	3947.5	4775.7	3905.3
LONGVIEW	3408.8	3587.0	3468.3	3604.6	3988.3	3718.8	3805.2	3887.6	4482.9	3746.7
LUBBOCK	3212.5	3416.3	3381.3	3530.9	3811.3	3542.9	3643.6	3652.2	4131.5	3486.0
ODESSA	3173.5	3497.6	3305.7	3385.2	3682.2	3580.5	3722.2	3667.1	4155.4	3384.4
SAN ANTONIO	3338.6	3635.1	3521.2	3604.0	3851.1	3799.0	3938.2	3806.1	4375.7	3644.8
WACO	3357.6	3538.0	3357.6	3469.2	3808.5	3493.2	3772.6	3681.6	4347.9	3500.0
WICHITA FALLS	3522.4	3755.9	3394.0	3437.9	3674.8	3636.2	3603.8	3714.6	4216.0	3537.9
UTAH										
SALT LAKE CITY	4003.1	4334.0	3941.8	4354.7	4591.1	4122.6	4378.7	4238.6	5683.5	4600.9
VERMONT										
BURLINGTON	3831.9	3966.7	4019.7	4219.1	4565.6	4112.1	4277.0	4407.3	5116.8	4376.1
MONTPELIER	3858.7	4047.2	4073.0	4300.6	4518.6	4122.1	4296.2	4444.4	5125.4	4477.0

9E. Automatic Adjusted Building Cost Factors



TEXAS WINDSTORM
INSURANCE ASSOCIATION

MEMORANDUM

DATE: July 22, 2025

TO: David Durden
General Manager

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

RE: Update to TWIA 220 Automatic Adjusted Building Cost Endorsement

The TWIA 220 Automatic Adjusted Building Cost (ABC) Endorsement automatically revises the limit of liability on residential policies each year at renewal by a percentage established by a building cost index.

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

3-Digit ZIP Code	Current 2024	2025
774	12.8%	0.3%
775	12.9%	0.3%
776	12.3%	0.8%
777	12.2%	0.8%
779	12.0%	0.6%
783	12.5%	1.3%
784	13.1%	1.6%
785	12.2%	1.0%
Average	12.7%	0.8%

The updated percentages will apply to all residential policies renewing on or after November 1, 2025.

JM

10. Internal Audit Status & Update

MEMORANDUM

TO: The Board of Directors - Texas Windstorm Insurance Association
FROM: Dan Graves, Weaver - Internal Audit
DATE: August 5, 2025
SUBJECT: Status of Internal Audit Activities

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

➤ **Current Activities:**

Activity Description	Status
Follow-Up Quarterly Discussion	Complete (Q1-Q3)
Claims Processing	In progress, reporting
HR Administration & Talent Retention	In progress, reporting
Executive Management	In progress, fieldwork
Information Security	In progress, fieldwork
IT Services	In progress, fieldwork

➤ **Upcoming Audits and Activities:**

Activity Description	Timing
Cash Management - Limited Annual Procedures	Q3 2025
Follow-Up Quarterly Discussion	Q4 2025
Risk Assessment Update	Q4 2025

➤ ***Summary of Open Findings:**

Of the 72 findings from the 2020 – 2024 audits, only two audits have remaining open findings. The other findings have been validated as closed by the Legal and Compliance Department.

Depopulation 2023 – 1 finding

- User access review of Depopulation Portal

Legal and Compliance 2024 – 1 finding

- Documenting the review and updates of Association policy manuals

*Weaver is working with Legal and Compliance to continue to validate remediation of the closed findings.

Texas Windstorm Insurance Association

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

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

L - limited annual procedures

11. Underwriting Operational Review Update



MEMORANDUM

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

Second Quarter 2025 Results

TWIA Underwriting Metrics	Monthly Summary			Quarterly Summary				YTD		
	Apr-25	May-25	Jun-25	Q1 2025	Q2 2025			2025	2025 Goal	▲
Transaction Issuance	99.99%	99.98%	99.99%	99.97%	99.98%			99.98%	90%	9.98
Internal Underwriting QA	98.78%	98.81%	98.85%	99.11%	98.81%			98.96%	95%	3.96
Phone Service Level	84.50%	80.00%	80.33%	89.19%	81.61%			85.40%	80%	5.40
Internal Telephone QA	96.75%	96.45%	96.50%	96.77%	96.57%			96.67%	95%	1.67

I. Overview:

- 99.98% of transactions were issued within 10 days of receiving the application and payment
 - 98% of the transactions were straight through processed by the system
 - 2% of the transactions were referred by the system to Underwriting for additional information, review, and approval prior to issuance
- Out of 110,578 calls for the quarter, 81.61% of the calls were answered under 20 seconds

II. Agency Compliance Audits:

A standard sample of agencies, (20) were selected in the second quarter of 2025 to verify compliance with the Texas Windstorm Insurance Association (TWIA) declination of coverage and flood insurance requirements.

- 100% were compliant with declination provisions.
- 100% were compliant with flood provisions.
- All agents selected have active property and casualty insurance licenses.

12. Claims and Litigation

12A. Claims Operations

TWIA Claims Operations 2025

TWIA Claims - 2025 Q2 Results (year-to-date)					
Key Cycle Times (In days)	Industry Average, TX	TWIA	TWIA Plan	Variance to Plan	% Variance to Plan
Avg. Days - FNOL to TWIA Receipt - Daily	9.6	4.8	<7	-2.2	-31%
Avg. Days - FNOL to TWIA Receipt - Cat	9.6	4.9	<14	-9.1	-65%
Avg. Days - FNOL to ACV Payment - Daily	N/A	8.3	<12	-3.7	-31%
Avg. Days - FNOL to ACV Payment - CAT	N/A	8.3	<21	-12.7	-60%
TDI Complaint Ratio					
2024	0.14% - 61 complaints from 43,012 new claims				
2025	0.78% - 32 complaints from 4,083 new claims				

Year	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25
Actual Volume	1,734	1,612	2,060	1,456	27,571	3,766	1,432	807	522	585	620	481	682	730	759	811
Actuarial Projected	574	2,092	2,112	591	596	872	880	880	431	435	1,395	334	1,484	1,311	2,411	1,264
Staffing Plan	703	703	703	703	703	703	703	703	703	703	578	578	578	578	578	1,264
Open Inventory	5,131	5,889	7,259	7,645	7,645	33,335	31,854	27,202	25,379	23,857	22,921	22,107	20,545	19,637	19,257	18,657

Historical TWIA Claim Volume	
Year	Claims
2005	12,783
2006	1,862
2007	4,195
2008	99,813
2009	4,812
2010	4,801
2011	10,608
2012	8,601
2013	10,541
2014	2,843
2015	18,889
2016	8,393
2017	80,257
2018	7,242
2019	6,704
2020	14,432
2021	12,535
2022	5,066
2023	8,867
2024	43,012
2025	4,083

TWIA - Claim Severity by Accident Year and LOB

Reported Claims by LOB

Year	Residential		Commercial		GRAND TOTAL	
	Claims	% Δ	Claims	% Δ	Claims	% Δ
2021	12,269	-	286	-	12,555	-
2022	4,413	-64.0%	60	-79.0%	4,473	-64.4%
2023	9,385	112.7%	173	188.3%	9,558	113.7%
2024	42,163	349.3%	939	442.8%	43,102	351.0%
2025	1,914	-	45	-	1,959	-

Paid Amounts by LOB

Year	Residential		Commercial		GRAND TOTAL	
	Incurred	% Δ	Incurred	% Δ	Incurred	% Δ
2021	\$ 58,122,131	-	\$ 8,162,442	-	\$ 66,284,573	-
2022	\$ 27,419,234	-52.8%	\$ 1,447,225	-82.3%	\$ 28,866,459	-56.5%
2023	\$ 70,250,010	156.2%	\$ 6,038,143	317.2%	\$ 76,288,153	164.3%
2024	\$ 403,147,429	473.9%	\$ 37,227,919	516.5%	\$ 440,375,347	477.3%
2025	\$ 8,303,947	-	\$ 145,110	-	\$ 8,449,058	-

Paid Claim Severity by LOB

Year	Residential		Commercial		GRAND TOTAL	
	Severity	% Δ	Severity	% Δ	Severity	% Δ
2021	\$ 4,737	-	\$ 28,540	-	\$ 5,280	-
2022	\$ 6,213	31.2%	\$ 24,120	-15.5%	\$ 6,453	22.2%
2023	\$ 7,485	20.5%	\$ 34,903	44.7%	\$ 7,982	23.7%
2024	\$ 9,562	27.7%	\$ 39,646	13.6%	\$ 10,217	28.0%
2025	\$ 4,339	-	\$ 3,225	-	\$ 4,313	-

*Paid amounts exclude loss adjustment expenses and IBNR reserves

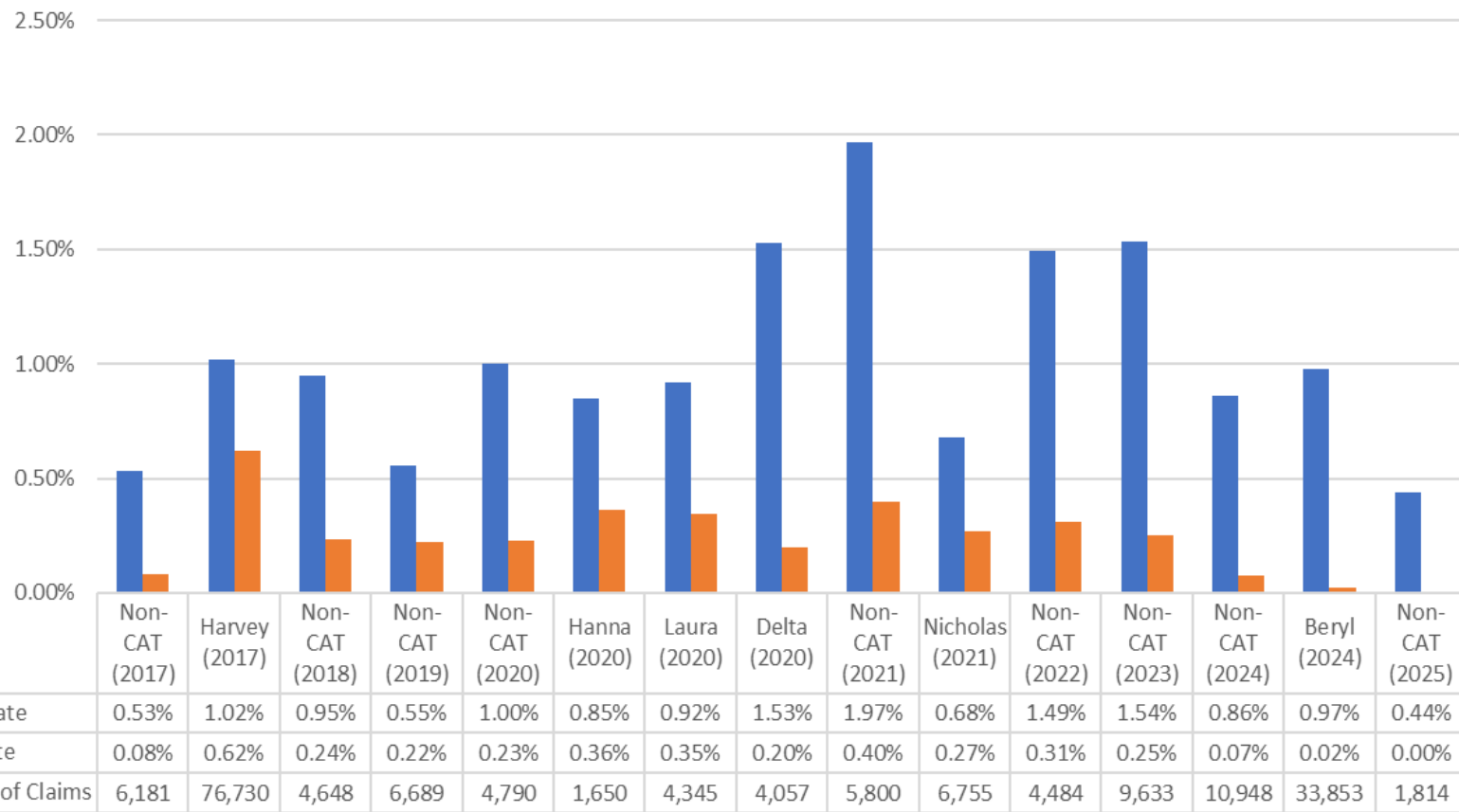
TWIA Beryl	As of 4/4/25	As of 7/9/25	Change	% Change
Claims	32,520	33,012	492	1.5%
Open	15,397	13,278	-2,119	-13.8%
Closed	17,123	18,926	1,803	10.5%
% Closed	52.7%	59%	6.3%	12.0%
Paid Indemnity	\$336,346,179	\$352,646,705	\$16,300,526	4.8%
Paid Expense	\$43,119,775	\$45,690,362	\$2,570,587	6.0%

TFPA Beryl	As of 4/4/25	As of 7/9/25	Change	% Change
Claims	10,297	10,441	144	1.4%
Open	1,612	1,318	-294	-18.2%
Closed	8,685	9,123	438	5.0%
% Closed	84.30%	87%	2.7%	3.2%
Paid Indemnity	\$83,520,309	\$87,736,421	\$4,216,112	5.0%
Paid Expense	\$9,548,300	\$9,991,449	\$443,149	4.6%

12B. Claims Litigation

TWIA Litigation Summary

TWIA Historical Litigation Rates
Overall Litigation Rate 2017 - Present: 1.38%



*NOIS: Notice of Intent to Sue



TEXAS WINDSTORM
INSURANCE ASSOCIATION

TWIA Litigation Tracking Activity

Litigation Quarter Summary Second Quarter 2025

2nd Quarter 2025	Summary of TWIA Claims in Suit			
		New	Settled	Closed
	April	3	2	4
	May	3	1	0
	June	5	6	6
		11	9	10

2nd Quarter 2025	Summary of TWIA Claims with LORs			
		New	Settled	Closed
	April	51	17	23
	May	56	2	18
	June	37	18	40
		144	37	81



TEXAS WINDSTORM
INSURANCE ASSOCIATION

TWIA Claims Litigation June 2025

Jun-25	TWIA Claims in Suit			
	Beginning Inventory	New	Closed	Ending Inventory
	81	5	6	80
	Breakdown			
	Normal	4	2	
	Beryl 2024	1	1	
	Harvey 082517	0	2	
	Laura 2020	0	1	

Jun-25	TWIA Claims with LORs				
	Beginning Inventory	New	Closed	Converted to Suit	Ending Inventory
	909	37	40	5	901
	Breakdown				
	Normal	15	30	4	
	Beryl 2024	21	10	1	
	Nicholas 2021	1	0	0	

Jun-25	TWIA Active Claims with Suits/LORs: Breakdown by Storm					
	Event	Total claims	Total Suits	Active Suits	Total LORs	Active LORS
	Harvey 082517	76,730	483	6	1,102	0
	Nicholas 2021	6,755	21	12	115	6
	Laura 2020	4,345	17	1	180	1
	Delta 2020	4,057	11	3	152	0
	Beryl 2024	34,215	8	7	699	621



TEXAS WINDSTORM
INSURANCE ASSOCIATION

Jun-25	TWIA Active Claims with Suits/LORs: Breakdown by County												
	Aransas	Brazoria	Calhoun	Cameron	Chambers	Galveston	Harris	Jefferson	Kleberg	Matagorda	Nueces	Willacy	Grand Total
	3	279	2	66	8	402	38	53	1	33	13	1	899

Jun-25	TWIA Claims with Suits/LORs: Detail of Ending Inventory				
	Active Unsettled Claims				
	Suits		LORS		Total
	Residential	Commercial	Residential	Commercial	
	39	20	793	47	899

Jun-25	TWIA Claims with Suits/LORs: Detail of Ending Inventory				
	Settled & Funded (closing documents and final invoices pending)				
	Suits		LORS		Total
	Residential	Commercial	Residential	Commercial	
	21	0	61	0	82

13. TWIA Operations

13A. IT Systems Update



MEMORANDUM

DATE: July 15, 2025

TO: David Durden, General Manager

FROM: Michael Eleftheriades, Interim CIO / VP IT

RE: TWIA Information Technology Status

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

Guidewire Cloud Migration Update

- This was a major project to transition the Association's policy administration, billing, and claims systems (and the respective digital portals) to the cloud.
- This was done to take advantage of the inherent benefits of a cloud solution. These include scalability, cost efficiency, security, and performance.
- The project inception was started in early 2024. Go Live deployment was successfully completed over the weekend of April 25 of this year.
- We have resumed regular scheduled monthly maintenance releases of fixes and new functionality for the Insurances applications and portals.

Guidewire Application Version Upgrade

- The Association is contractually mandated to maintain version currency with Guidewire cloud framework releases.
- In Q3 the Association team will be performing and testing the new Guidewire release version for compatibility. We will deploy the Association's Guidewire applications with the required release of the Guidewire Cloud Software framework in August.



AI Proof of Concept Project

- Secondary feedback milestone expected in this quarter from the rollout of Microsoft Copilot to a very few select users back in December 2024 (this is to evaluate functionality and applicability to the organization). Anticipating positive feedback – starting research on implementation parameters for the Association. We will need to focus on security and legal implications, training, and decisions on the user distribution of the respective licensing.

On premise and Remote User Workstations

- Continuing slow rollout of Windows 11. Microsoft Windows 10 is being deprecated by Microsoft later this year. Upgrading all the Association workstations and laptops is an on-going project for TWIA.

General Status:

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

13B. Legislative Affairs Update and Legislative Implementation

MEMORANDUM

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

I. Legislative & Regulatory Affairs

a) 89th Legislative Session

- i. The 89th Legislative Session concluded on June 2. Significant legislation affecting the Association was enacted. *These bills are detailed in the enclosed exhibit.* All bills affecting the Association were either signed by the governor or allowed to become law without his signature and will go into effect on September 1.
 - **House Bill 3689** by Rep. Todd Hunter (Nueces County). *Relating to funding of excess losses and operating expenses of the Texas Windstorm Insurance Association; authorizing an assessment; authorizing a surcharge.* This bill was enacted without the Governor's signature.
 - **House Bill 2517** by Rep. Jeff Barry (Brazoria County). *Relating to the applicability of premium and maintenance taxes to the Texas Windstorm Insurance Association and Texas FAIR Plan Association (TWIA Biennial Report recommendation).* This bill was enacted without the Governor's signature.
 - **House Bill 2518** by Rep. Jeff Barry (Brazoria County). *Relating to the use of installment premium payment plans on Texas Windstorm Insurance Association policies (TWIA Biennial Report recommendation).* This bill was enacted without the Governor's signature.
 - **House Bill 2213** by Rep. Ann Johnson (Harris County). *Relating to the composition of the board of directors of the Texas Windstorm Insurance Association.* This bill was signed by the Governor.
 - **House Bill 2067** by Rep. Dennis Paul (Harris County). *Relating to declination, cancellation, or nonrenewal of insurance policies.* This bill was signed by the Governor.
 - **Senate Bill 458** by Sen. Charles Schwertner (Williamson County). *Relating to an appraisal process for disputed losses under personal automobile or residential property insurance policies.* This bill was enacted without the Governor's signature.

b) Legislative Implementation Program

- i. Association staff has begun the legislative implementation process for bills enacted during this session. Senior staff and internal subject matter experts will hold workshop meetings in July to determine the scope of and requirements for changes needed in TWIA operations to implement these new laws.

c) Legislative Meetings: Association staff held 12 meetings with legislative offices from April through June, primarily to provide information in response to questions on legislation affecting TWIA operations and funding.

d) Special Sessions: The Governor called a special session of the Legislature to begin on July 21. The news media have discussed additional special sessions later in the year on other topics. At this time, we have no indication that any Association-related legislation would be considered in a special session.

e) Stakeholder Inquiries: From April 1 to June 30, TWIA received and responded to 10 legislative and stakeholder inquiries on the following.

- Two policyholder inquiries from legislative offices and one from TDI related to their TWIA claims.
- Three routine/recurring litigation data requests from a legislative office.
- Requests for information related to legislation: two from legislative offices, one from TDI, and one from the Governor's office.

II. Agent Advisory Group (AAG)

- a) The third-quarter AAG meeting was held on July 9 and included discussions about the Association's 89th legislative session activities, the implementation of legislative changes from the session, system functionality updates focused on the Association's transition to the cloud and ITS recommendations, information on TWIA's Expert Panel / Slab Claim Evaluation Program, and the status of TWIA's Board membership.
- b) The fourth-quarter AAG meeting will be held on October 16.

18. Future Meetings

October 8, 2025 – TWIA Budget
Review Meeting

November 4, 2025 – Omni Hotel
Corpus Christi, TX

February 24, 2026 – Moody Garden Hotel
Galveston, TX