Meeting of the Board of Directors
Texas Windstorm Insurance Association
Teleconference/Web Conference
November 4, 2025
Omni Hotel
900 North Shoreline Blvd.
Corpus Christi, TX 78401
9:00 a.m.

Interested parties can listen to the meeting live by going to www.twia.org.
Go to "About Us/Board Meetings" and access the video conferencing website with instructions available on www.twia.org.

Interested parties may attend the meeting and offer public comment in person at the Omni Hotel 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/David Durden*
   B. Anti-Trust Statement and Conflict of Interest Disclosure – *Counsel*
   C. Meeting Format Information – *Kristina Donley*

2. TWIA Board Officer Elections – *Karen Guard/David Durden* – ***Action/Vote Likely**** — *10 minutes*

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

4. Public Comment — *30 minutes*

5. TWIA Operational Dashboard – *David Durden* — *10 minutes*

6. Financial – *Stuart Harbour* — *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 by Staff
   C. Review and Approval of 2026 Budget – *Stuart Harbour* – ***Action/Vote Likely****

7. Actuarial – *Jim Murphy* — *30 minutes*
   A. Policy Count/Exposures
   B. Reserve Adequacy
   C. Status of Filings
   D. Review of Statutory Changes to Funding and Actuarial and Underwriting Committee Recommendations
   E. Establish a Method of Determining the Probable Maximum Loss for a Catastrophe Year with a Probability of 1 in 50 – ***Action/Vote Likely****

8. Internal Audit – *Dan Graves – Weaver* — *10 minutes*
   A. Internal Audit Status Report

9. Underwriting Operational Review Update – *Michael Ledwik* *10 minutes*

10. Claims *20 minutes*
    A. Claims Operations – *Dave Williams*
    B. Claims Litigation – *Jessica Crass*

11. TWIA Operations *20 minutes*
    A. IT Update – *Michael Eleftheriades*
    B. Communications, Lawsuit Appeal and Legislative Update – *David Durden*
    C. Performance Evaluation of General Manager – ***Action/Vote Likely****

12. Closed Session **(Board Only)** *60 minutes*
    A. Personnel Issues
    B. Legal Advice

13. Consideration of Issues Related to Matters Deliberated in Closed Session That May Require Action, if any, of the Board of Directors – ***Action/Vote Likely**** *5 minutes*

14. Committees – *David Durden* *5 minutes*

15. Future Meetings – *David Durden* *5 minutes*
    - February 24, 2026 – Moody Gardens Hotel – Galveston
    - May 19, 2026 – Hyatt Regency – Austin
    - August 4, 2026 – Tremont House – Galveston

16. Adjourn

1. Call to Order

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.

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.

3. Approve the Minutes From Prior Board of Directors Meetings

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

Tremont House
2300 Ships Mechanic Row
Galveston, TX

August 5, 2025

The Following Board Members were Present:

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

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

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

The Following Guests Were Present:

1.	Afton Gillard	Weaver
2.	Debbie King	AmTrust

The Following In Person Attendees Were Present:

1.	Scot Kibbe	APCIA
2.	Alicia Robinson	Gallagher Re
3.	Joey Walker	Gallagher Re
4.	Morgan Huhndorff	Gallagher Re

5. Jim Wade	Guest
6. Veronda Durden	Guest
7. Alex Donkervoet	Guy Carpenter
8. Paul Hosni	Guy Carpenter
9. Carly Matz	Howden Re
10. Brie Little	Sen. Middleton's Office
11. Beaman Floyd	TCAIS
12. David Muckerheide	TDI
13. Jessica O'Connor	TDI
14. Marianne Baker	TDI
15. Sonia Craig	TWIA
16. Brandon Tanus	Weaver

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

1. Minnie Ali
2. Sally Bakko
3. Shirley Bowler
4. Yuri Campbell
5. James Conroy
6. Lou Cusano
7. Dan Dick
8. William Dubinsky
9. Jeremy Eisemann
10. Nicole Elliott
11. Angela Fang
12. Izabela Grebowiec
13. Jordan He
14. Rep. Todd Hunter
15. Shelina Jamani
16. Spencer Johnson
17. Alexander Klos
18. Max Largent
19. Travis McDavid
20. Sen. Mayes Middleton
21. Julisa Morones Luna
22. Georgia Neblett
23. Anne O'Ryan
24. Elisabeth Ret
25. Carie Roach
26. Kenisha Schuster
27. Daniel Schwietz
28. Anna Stafford
29. Aaron Taylor
30. Steve Turnbow
31. Ron Walenta

1. Call to Order: Ms. Guard called the meeting to order at 9:01 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. Ms. Donley reviewed the meeting logistics information with the attendees.

2. Introduction of New Board Members: Ms. Guard welcomed new board members Mark Shewmaker and Rolando Rubiano.

3. Approval of Minutes: Ms. Grossman noted there was a missing word on the last page of the meeting minutes. Mr. Garrett moved to approve the minutes from the May 6,

2025 meeting as amended. Mr. Smith seconded the motion. The motion passed unanimously.

4. Public Comment: Ms. Donley reviewed the written public comment received ahead of the meeting, which consisted of two comments from Rep. Todd Hunter against a rate increase and five others also against a rate increase. One submitted a comment saying they would cancel their policy due to the cost of their premium. Verbal public comments was offered by Sen. Mayes Middleton, Rep. Todd Hunter, Sally Bakko, Alex Montieth and Garry Kaufman.

5. Review of Bills Affecting TWIA Enacted by the 89th Legislature: Mr. Durden walked attendees through some of the bills that passed during the last legislative session. Mr. Murphy reviewed the impacts of HB 3689, which changes the minimum required funding level from a 100-year probable maximum loss to a 50-year probable maximum loss. It continues to allow TWIA to purchase reinsurance in excess of the minimum funding level and assess member companies for the additional cost. Mr. Garrett asked when the models will be ready. Mr. Murphy said they are normally run in November.

   Ms. Guard asked if it would be possible to bring in Aon to conduct an overview of each model before the November board meeting. An interim meeting of the TWIA Actuarial and Underwriting Committee will also be scheduled.

6. Annual TWIA Rate Filing:
   A. Review of TWIA Staff Rate Adequacy Analysis and Actuarial & Underwriting Committee Recommendations: The TWIA Actuarial and Underwriting Committee met on July 14, 2025. The committee voted to recommend that the TWIA Board of Directors instruct staff to make an annual rate 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, premium taxes, and 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.
   B. Required 2025 Annual Rate Filing: Mr. Smith moved to accept the TWIA Actuarial and Underwriting Committee's recommendation for no rate increase for either residential or commercial policies. Ms. Grossman seconded the motion. Ms. Grossman asked if the board votes for no rate increase today, that doesn't preclude making adjustments later on down the line. Mr. Smith

said policyholders will see an increase in their premium due to adjusted limits. Mr. Rubiano asked if this board should vote to increase reinsurance requirements that will change the rate indications. Mr. Murphy said that would be assessed to member companies. Mr. Todd said he has concerns about how the rate analysis was done, especially when it was with last year's models. He is afraid there is an underestimation of what the reinsurance costs will be.

A roll call vote was conducted.

Terrilyn Tarlton Shannon – Yes
Greg Smith – Yes
Rolando Rubiano – Yes
Esther Grossman – Yes
John Todd – No
Tim Garrett – Yes
Mark Shewmaker – Yes
Etti Baranoff – Abstain
Karen Guard – Yes

The motion passed.

7. TWIA Operational Dashboard: Mr. Durden reported staff headcount is now 382, with 238 full-time employees and 144 contractors. The Association is still growing but the growth is moderating.

8. Financial:
   A. Report of the Secretary/Treasurer: Ms. Guard reviewed the Treasurer's Report. Mr. Garrett moved to approve the report. Mr. Smith seconded the motion. The motion passed unanimously.
   B. Financial Statement Review by Staff: Mr. Harbour reported that year-to-date direct written premiums were $397.7 million. Direct earned premiums were $384 million. Current policies in force are 280,376.

   The 2025-2026 reinsurance program incepted 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 million. This total reflects an overall rate-on-line (ROL) of 9.9% compared to the 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.

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

Year to date direct losses and LAE for the quarter was $72.4 million. Loss and LAE ratio was 18.9%. The ultimate loss and loss adjustment expense estimate for Hurricane Beryl is $515 million as of June 30, 2025.

Year to date operating expenses were $19.4 million. The operating expense ratio for the quarter was 5.1%. Notable expenses under budget include personnel expenses ($890,000), hardware and software ($160,000) and other operating expenses ($300,000).

Year to date commission expenses for the quarter were $63.6 million. Premium taxes were $6.9 million.

C. Investment of Trust Fund Balances (Texas Insurance Code Sec. 2210.4521): Ms. Baranoff moved that based on Association staff analysis and recommendation, the TWIA 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(2) 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. Mr. Garrett seconded the motion. The motion passed unanimously.

D. 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. Staff recommends the TWIA Board of Directors engage CTM for the upcoming audits and use them 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. Mr. Garrett moved that the TWIA Board of Directors, 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. Ms. Baranoff seconded the motion. The motion passed unanimously.

9. Actuarial:

A. Policy Counts/Exposures: Policy counts are up just under 7% year over year and exposures are up almost 15%. Growth rates vary by county.

B. Reserve Adequacy: 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 and expense estimate for Hurricane Harvey remains at $1.655 billion.

In the opinion of the chief actuary, the Association's reserves met the requirements of the insurance laws of Texas, were consistent with reserves computed in accordance with accepted actuarial standards and principles and made a reasonable provision for all combined unpaid loss and loss expense obligations to the Association under the terms of its contracts and agreements.

C. Aon Contract – Notice of Termination: 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 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. Another RFP process will take place in 2026, five years after the initial RFP. Mr. Garrett moved to continue the contract. Mr. Smith seconded the motion. The motion passed unanimously.

D. Statutory Maximum Limits of Liability: 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. Ms. Tarlton Shannon moved to accept the limits as presented. Mr. Garrett seconded the motion. The motion passed unanimously.

E. Automatic Adjusted Building Cost Factors: The TWIA 220 Automatic Adjusted Building Cost (ABC) Endorsement automatically revised 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. The updated percentages will apply to all residential policies renewing on or after November 1, 2025.

10. Internal Audit & Status and Update: Ms. Gillard reported the current internal audit activities including claims processing, HR administration and talent retention, executive management, information security and IT services. Upcoming audits and activities include cash management.

11. Underwriting Operational Review Update: Mr. Ledwik reported 99.98% of underwriting transactions were issued within 10 days of receiving the application and payment. Of those transactions, 98% were straight through processed by the system and 2% were referred by the system to underwriting for additional information, review and approval prior to issuance.

A standard sample of agencies, 20, were selected for review in the second quarter of 2024 to verify compliance with the Texas Windstorm Insurance Association declination of coverage and flood insurance requirements. Of those agencies, 100% were compliant with both the declination and flood provisions. All agents selected have an active property and casualty insurance license.

12. Claims:

A. Claims Operations: Total cycle time of first notice of loss to payment for daily claims is 8.3 days and 8.3 days in a catastrophe. The historical claim volume for 2025 is 4,083.

B. Claims Litigation: Ms. Crass reported that 11 new TWIA claims in suit were received during the second quarter, 10 were closed and 9 were settled. For the second quarter, 144 new TWIA claims with letters of representation were received, 81 were closed and 37 were settled.

13. TWIA Operations:
    A. IT Systems Update: The Guidewire cloud migration was a major project to transition the Association's policy administration, billing and claims systems to the cloud. This was undertaken 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. Staff has resumed regular scheduled monthly maintenance releases of fixes and new functionality for the Association's applications and portals.

       Systems are functioning well with monthly releases with business-critical items selected and curated by the respective developments.
    B. Legislative Affairs Update and Legislative Implementation: 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 the new laws.
14. Election of Officers: In October of last year, four members ended their board service as the result of statutory term limits. That removed the chair and vice chair. Board elections have been postponed until there was a full board. TDI hasn't addressed the bill that states all board members must reside in the state of Texas. Mr. Garrett said he wanted to wait for elections until TDI has determined how to proceed with the one board member who does not reside in Texas. Mr. Smith concurred. Mr. Rubiano moved to table elections until the November meeting. Ms. Baranoff seconded the motion. The motion passed unanimously.

15. Closed Session: There was no closed session.

16. 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.

17. Committees: Mr. Durden suggested holding an actuarial committee meeting to go along with the budget meeting. Staff will survey the actuarial committee for their availability as well as representatives from Aon.

18. Future Meetings:
- October 8, 2025 – TWIA 2026 Budget Meeting
- November 4, 2025 – Omni Hotel – Corpus Christi, TX
- February 24, 2026 – Moody Gardens Hotel – Galveston, TX

19. Adjourn: The meeting adjourned at 12:38 pm.

_______________________________ ____________________________

Prepared by: Amy Koehl	Approved by: Karen Guard
Senior Project Administrator	Secretary/Treasurer

Minutes of the Texas Windstorm Insurance Association
Board of Directors Meeting
4801 Southwest Parkway
Building 1, Suite 200
Austin, Texas 78735

October 8, 2025

The Following Board Members Were Present:

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

The Following TWIA Staff and Counsel Were Present:

1.	David Durden, General Manager	TWIA
2.	Jessica Crass, VP Legal and Compliance	TWIA
3.	Stuart Harbour, Chief Financial Officer	TWIA
4.	Jim Murphy, Chief Actuary	TWIA
5.	Mike Ledwik, VP Underwriting	TWIA
6.	Amy Koehl, Senior Project Administrator	TWIA
7.	Kristina Donley, Training, QA and Agency Audit Manager	TWIA
8.	Al Fulkerson, Controller	TWIA
9.	Rubi Harman, Senior Financial Analyst	TWIA
10.	Dave Williams, VP Claims	TWIA
11.	Michael Eleftheriades, VP Technology	TWIA
12.	Michelle Friesenhahn, VP People and Business Operations	TWIA
13.	Jordan He, Senior Actuary	TWIA
14.	Angela Fang, Actuary	TWIA
15.	Mike Perkins, Association Counsel	Perkins Law Group

The Following In Person Attendees Were Present:

1.	Alex Donkervoet	Guy Carpenter
2.	Paul Hosni	Guy Carpenter
3.	David Muckerheide	TDI
4.	Elizabeth Ret	TDI

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

1. Sally Bakko
2. Jeff Berg
3. David Bolduc
4. Shirley Bowler
5. Katie Carter
6. Allen Cashin
7. James Conroy
8. Sydia Cortez
9. Dan Dick
10. William Dubinsky
11. Jeremy Eisemann
12. Nicole Elliott
13. Steve Evans
14. Jo Freitag
15. David Garrelick
16. Morgan Huhndorff
17. Spencer Johnson
18. David Jones
19. Scot Kibbe
20. Alex Kowaleski
21. Minchong Mao
22. Marianne Moul
23. Victoria Newman-Menendez
24. Alicia Robinson
25. Daniel Schwietz
26. Mary Selman
27. John Sepehri
28. Anna Stafford
29. Aaron Taylor
30. Annika Vandayar
31. Joey Walker
32. Earl Winterbottom

1. Call to Order: Karen Guard called the meeting to order at 1:30 pm. Board members were reminded of the anti-trust statement by counsel and the required conflict of interest disclosures were made. Kristina Donley provided meeting logistics information to the attendees.

2. Public Comment: Ms. Donley reviewed the written public comment received ahead of the meeting. There was no verbal public comment.

3. Review of 2026 TWIA Budget: Mr. Harbour reviewed several key assumptions including no change in rates for 2026, the number of policies in force is projected to decrease slightly from the forecast of 282,862 policies at year end to 277,357 at year end 2026, a decrease of 1.9%. Loss and loss adjustment expenses ratios used are based on actuarial review and correspond to the non-hurricane loss ratios included in the annual rate indications. Merit increases are budgeted at 3.5%. The $500 million line of credit is assumed to be renewed on June 1, 2026 with the same late December cancellation date, inception fees and commitment fees at 42.5 basis points. Commissions are budgeted at $125 million using the current rate of 16.0% for new and renewal policies.

   A place holder of $237 million for the 2026/2027 TWIA reinsurance program is based on early forecasted exposures and market conditions. Non hurricane losses for 2026 are projected at $110.9 million. TWIA does not budget for hurricanes. Losses and loss adjustment expenses include estimates for average convective storm seasons.

   There is a slight decline in policy counts, exposures and premiums beginning in May 2026. The full year 2026 written premium projection is $781 million. TWIA is no longer subject to premium and maintenance taxes beginning in 2025 due to HB 2517.

Direct written premiums are projected to decrease by $37 million (4.5%) from $818 million in 2025 to $781 million in 2026. Ceded premiums for 2025/2026 reinsurance were $416.5 million at the purchase date. For 2026, the current placeholder is $237 million.
Employee headcount for 2026 is 289 full-time employees and 43 contractors. The decrease in contractor and temporary help reflects the reduction in external desk examiners required to settle claims outstanding from Hurricane Beryl. The decrease in IT consulting is attributable to the completion of the Guidewire cloud migration project in April 2025.

4. Modeling Overview: The meeting was turned over to the representatives from Aon to discuss modeling. They went through a catastrophe modeling overview, details regarding TWIA's modeled loss and exposure changes, reviewed the probable maximum loss weighting system and the hurricane model comparison.

5. Adjourn: The meeting was adjourned at 4:46 pm.

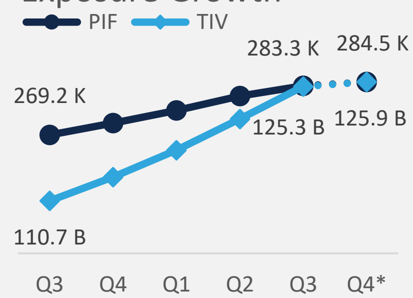
_______________________________	____________________________
Prepared by: Amy Koehl	Approved by: David Durden
Senior Project Administrator	TWIA General Manager

5. TWIA Operational Dashboard

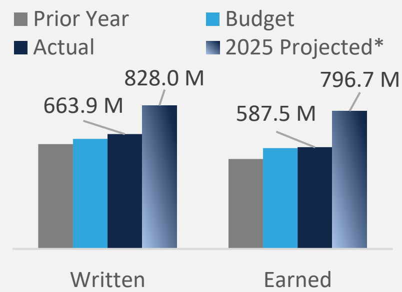
Operational Dashboard

Reporting as of September 30, 2025

Exposure Growth



Premiums



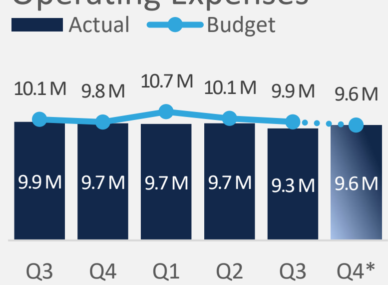
Net Income

Actual: $ 125.1 M
Budget: 50.7 M
▲ 74.4 M

CRTF Balance

$12.4 M

Operating Expenses



Claims Activity

Reported Claims: 5,414

Incurred Loss & LAE: $75.4 M

Loss Ratio: 12.8%

Claims Disputes

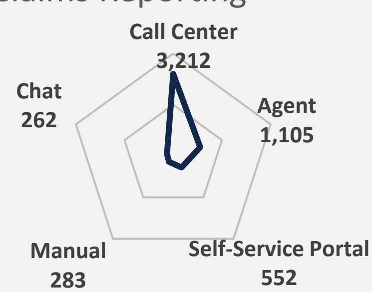
(% of Reported Claims)

TDI Complaints: 41 (0.8%)
Disputes: 138 (2.5%)
Lawsuits: 24 (0.4%)

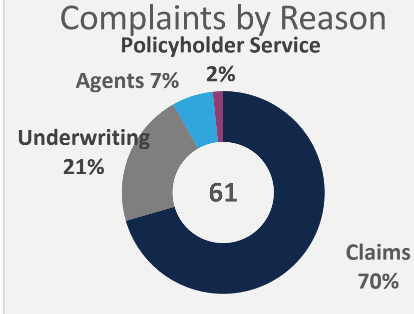
Headcount

Employees: 242
Contractors: 114
Total: 356

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

Enterprise Projects

Status Update as of September 30, 2025

Enterprise Projects	Initiative Type	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1	2026 Q2	2026 Q3	2026 Q4
89th Legislative Implementation Program (LIP89)	Mandatory										
Centralized Info Ph2 MS Teams Project	Discretionary Planned										
TWIA Agent Guest Pay Project	Discretionary Planned										
ImageRight Upgrade Project	Discretionary Planned										

6. Financial
6A. Report of the Secretary/Treasurer
6A1. Income Statement

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

	For the nine months ended September 30,	
	Actuals - 2025	**Actuals - 2024**
Premiums Written:		
Direct	$ 663,926	$ 605,525
Ceded	(416,548)	(389,883)
Ceded - Depopulation	0	0
Net	247,378	215,643
Premiums Earned:		
Direct	$ 587,541	$ 519,813
Ceded	(277,698)	(259,922)
Ceded - Depopulation	0	0
Net	309,842	259,892
Deductions:		
Direct Losses and LAE Incurred	40,372	172,291
Direct Losses and LAE Incurred - Harvey	0	0
Direct Losses and LAE Incurred - Beryl	35,000	455,000
Ceded Losses and LAE Incurred - Depopulation	0	0
Operating Expenses	28,725	28,378
Commission Expense	106,135	96,765
Ceding commissions / brokerage	(9,325)	(10,503)
Ceding commissions / brokerage - Depopulation	0	0
Premium / Maintenance Tax	45	10,526
Total Deductions	200,952	752,458
Net Underwriting Gain or (Loss)	108,890	(492,567)
Other Income or (Expense):		
Gross Investment Income	17,524	19,761
Debt Issuance & Other Investment Expenses	(69)	(30)
Line of Credit Fees	(1,263)	(1,240)
Interest Expense on Class 1 Bonds	0	0
Interest Expense on Short Term Debt	0	0
Premium Charge offs/Write offs	(1)	0
Miscellaneous Income (Expense)	0	0
Total Other Income or (Expense)	16,192	18,491
Net Income (Loss)	**$ 125,082**	**$ (474,075)**
Surplus (Deficit) Account:		
Beginning Surplus (Deficit)	(413,511)	45,853
Net Income (Loss)	125,082	(474,075)
Change in Provision for Reinsurance	0	0
Change in nonadmitted assets	998	3,595
Statutory Fund Rec/(Cost)	326,626	(0)
Ending Surplus (Deficit)	**$ 39,195**	**$ (424,627)**

6A2. Management Discussion and Analysis

Texas Windstorm Insurance Association
Management's Discussion and Analysis of Financial Results
For the Nine Months Ended September 30, 2025

Written and Earned Premiums

Actual vs Budget	Sep-2025 YTD Actual	Sep-2025 YTD Budget	Variance Inc (Dec)	Variance % Inc (Dec)
Direct Written Premiums	$ 663.9 M	$ 635.6 M	$ 28.3 M	4.5%
Direct Earned Premiums	$ 587.5 M	$ 582.0 M	$ 5.5 M	0.9%
Policies In-Force	283,333	283,341	(8)	(0.0%)

Current Yr vs Prior Yr Actual	Sep-2025 YTD Actual	Sep-2024 YTD Actual	Variance Inc (Dec)	Variance % Inc (Dec)
Direct Written Premiums	$ 663.9 M	$ 605.5 M	$ 58.4 M	9.6%
Direct Earned Premiums	$ 587.5 M	$ 519.8 M	$ 67.7 M	13.0%
Policies In-Force	283,333	269,152	14,181	5.3%

Reinsurance Costs

The 2025-2026 reinsurance program incepted 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.

Loss and Loss Adjustment Expense Incurred

Actual vs Budget	Sep-2025 YTD Actual	Sep-2025 YTD Budget	Variance Inc (Dec)	Variance % Inc (Dec)
Direct Losses Incurred	$ 41.6 M	$ 67.9 M	($ 26.3 M)	(38.8%)
Direct LAE Incurred	$ 33.8 M	$ 19.8 M	$ 14.0 M	70.4%
Total Direct Losses & LAE	**$ 75.4 M**	**$ 87.7 M**	**($ 12.4 M)**	**(14.1%)**
Loss & LAE Ratio	**12.8%**	**15.1%**		**(2.2%)**

Current Yr vs Prior Yr Actual	Sep-2025 YTD Actual	Sep-2024 YTD Actual	Variance Inc (Dec)	Variance % Inc (Dec)
Direct Losses Incurred	$ 41.6 M	$ 521.9 M	($ 480.3 M)	(92.0%)
Direct LAE Incurred	$ 33.8 M	$ 105.4 M	($ 71.6 M)	(68.0%)
Total Direct Losses & LAE	**$ 75.4 M**	**$ 627.3 M**	**($ 551.9 M)**	**(88.0%)**
Loss & LAE Ratio	**12.8%**	**120.7%**		**(107.8%)**

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

Operating Expenses

Actual vs Budget	Sep-2025 YTD Actual	Sep-2025 YTD Budget	Variance Inc (Dec)	Variance % Inc (Dec)
Operating Expenses	$ 28.7 M	$ 30.7 M	($ 2.0 M)	(6.4%)
Operating Expense Ratio	4.9%	5.3%		(0.4%)

Current Yr vs Prior Yr Actual	Sep-2025 YTD Actual	Sep-2024 YTD Actual	Variance Inc (Dec)	Variance % Inc (Dec)
Operating Expenses	$ 28.7 M	$ 28.4 M	$ 0.3 M	1.2%
Operating Expense Ratio	4.9%	5.5%		(0.6%)

- 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 ($1,320,000), Professional & Consulting Services ($105,000), Hardware & Software ($160,000), and Other Operating Expenses ($320,000).

Commission Expense and Premium Taxes

Actual vs Budget	Sep-2025 YTD Actual	Sep-2025 YTD Budget	Variance Inc (Dec)	Variance % Inc (Dec)
Commission Expense	$ 106.1 M	$ 101.7 M	$ 4.4 M	4.4%
Premium / Other Taxes	$ 0.0 M	$ 11.6 M	($ 11.6 M)	(99.6%)

Current Yr vs Prior Yr Actual	Sep-2025 YTD Actual	Sep-2024 YTD Actual	Variance Inc (Dec)	Variance % Inc (Dec)
Commission Expense	$ 106.1 M	$ 96.8 M	$ 9.4 M	9.7%
Premium / Other Taxes	$ 0.0 M	$ 10.5 M	($ 10.5 M)	(99.6%)

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 remain near 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	Sep-2025 YTD Actual	Sep-2025 YTD Budget	Variance Inc (Dec)	Variance % Inc (Dec)
Gross Investment Income	$ 17.5 M	$ 13.0 M	$ 4.5 M	34.5%

Current Yr vs Prior Yr Actual	Sep-2025 YTD Actual	Sep-2024 YTD Actual	Variance Inc (Dec)	Variance % Inc (Dec)
Gross Investment Income	$ 17.5 M	$ 19.8 M	($ 2.2 M)	(11.3%)

Net Income (Loss)

Actual vs Budget	Sep-2025 YTD Actual	Sep-2025 YTD Budget	Variance Inc (Dec)	Variance % Inc (Dec)
Net Income (Loss)	$ 125.1 M	$ 50.7 M	$ 74.4 M	146.6%

Current Yr vs Prior Yr Actual	Sep-2025 YTD Actual	Sep-2024 YTD Actual	Variance Inc (Dec)	Variance % Inc (Dec)
Net Income (Loss)	$ 125.1 M	($ 474.1 M)	$ 599.2 M	(126.4%)

Surplus (Deficit)

Current Period vs. Prior Year End Actual	Sep-2025 YTD Actual	Dec-24 YTD Actual	Variance Inc (Dec)	Variance % Inc (Dec)
Surplus (Deficit)	$ 39.2 M	($ 413.5 M)	$ 452.7 M	(109.5%)

- The Association's deficit of $413.5 million at the end of 2024, improved to a surplus of $39.2 million as of September 30, 2025, due primarily to the year-to-date net income of $125.1 million and the receipt of Catastrophe Reserve Trust Funds in the amount of $462.7 million.

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TEXAS WINDSTORM
INSURANCE ASSOCIATION

QUARTERLY FINANCIAL STATEMENTS AND SCHEDULES

September 2025

Statutory Income Statement
(In 000s)

	For the nine months ended September 30,			
	Actuals - 2025	**Budget - 2025**	**Variance - 2025**	**Actuals - 2024**
Premiums Written:				
Direct	$ 663,926	635,591	$ 28,335	$ 605,525
Ceded	(416,548)	(485,000)	68,452	(389,883)
Ceded - Depopulation	0	0	0	0
Net	247,378	150,591	96,788	215,643
Premiums Earned:				
Direct	$ 587,541	582,019	$ 5,521	$ 519,813
Ceded	(277,698)	(323,333)	45,635	(259,922)
Ceded - Depopulation	0	0	0	0
Net	309,842	258,686	51,156	259,892
Deductions:				
Direct Losses and LAE Incurred	$ 40,372	$ 87,722	$ (47,351)	172,291
Direct Losses and LAE Incurred - Harvey	0	0	0	0
Direct Losses and LAE Incurred - Beryl	35,000	0	35,000	455,000
Ceded Losses and LAE Incurred - Depopulation	0	0	0	0
Operating Expenses	28,725	30,685	(1,959)	28,378
Commission Expense	106,135	101,694	4,440	96,765
Ceding commissions / brokerage	(9,325)	(12,125)	2,800	(10,503)
Ceding commissions / brokerage - Depopulation	0	0	0	0
Premium / Maintenance Tax	45	11,600	(11,555)	10,526
Total Deductions	200,952	219,576	(18,624)	752,458
Net Underwriting Gain or (Loss)	108,890	39,110	69,780	(492,567)
Other Income or (Expense):				
Gross Investment Income	$ 17,524	13,033	$ 4,491	19,761
Debt Issuance & Other Investment Expenses	(69)	(83)	14	(30)
Line of Credit Fees	(1,263)	(1,335)	72	(1,240)
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)	16,192	11,616	4,576	18,491
Net Income (Loss)	$ 125,082	$ 50,726	$ 74,356	$ (474,075)

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

	For the nine months ended September 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)	125,082	50,726	74,356	(474,075)
Change in Provision for Reinsurance	0	0	0	0
Change in nonadmitted assets	998	932	66	3,595
Statutory Fund Cost [1]	326,626	434,213	(107,587)	(0)
Ending Surplus (Deficit)	$ 39,195	$ 72,360	$ (33,165)	$ (424,627)
Key Operating Ratios:				
Direct:				
Loss & LAE Ratio:				
Non Hurricane	6.9%	15.1%	(8.2%)	33.1%
Hurricane Harvey	0.0%	0.0%	0.0%	0.0%
Hurricane Beryl	6.0%	0.0%	6.0%	87.5%
Loss & LAE Ratio	12.8%	15.1%	(2.2%)	120.7%
UW Expense Ratio:				
Acquisition	16.0%	17.8%	(1.8%)	17.7%
Non Acquisition	4.9%	5.3%	(0.4%)	5.5%
UW Expense Ratio	20.9%	23.1%	(2.2%)	23.2%
Combined Ratio	33.7%	38.2%	(4.5%)	143.9%
Net:				
Loss & LAE Ratio:				
Non Hurricane	13.0%	33.9%	(20.9%)	66.3%
Hurricane Harvey	0.0%	0.0%	0.0%	0.0%
Hurricane Beryl	11.3%	0.0%	11.3%	175.1%
Loss & LAE Ratio	24.3%	33.9%	(9.6%)	241.4%
UW Expense Ratio:				
Acquisition	31.1%	36.9%	(5.9%)	33.0%
Non Acquisition	9.3%	11.9%	(2.6%)	10.9%
UW Expense Ratio	40.3%	48.8%	(8.5%)	43.9%
Combined Ratio	64.7%	82.7%	(18.0%)	285.3%
[1] CRTF Funds Received	$ 462,728			
CRTF Expense Accrued	(136,101)			
Net Statutory Fund Income (rounded)	326,626			
Note: Beginning budgeted deficit adjusted to actual for comparative purposes.				

Statutory Expense Statement
(In 000s)

1		For the nine months ended September 30,				1
2	**Description**	**Actuals - 2025**	**Budget - 2025**	**Variance - 2025**	**Actuals - 2024**	2
3	Personnel Expenses					3
4	Salaries & Wages - Permanent	$ 12,050	$ 13,039	$ (988)	$ 11,264	4
5	Contractor & Temporary Help	19,418	26,687	(7,269)	21,846	5
6	Payroll Taxes	886	938	(52)	833	6
7	Employee Benefits	3,550	3,809	(259)	3,250	7
8	Recruiting, Training & Other	73	372	(299)	148	8
9	Subtotal	$ 35,977	$ 44,844	$ (8,867)	$ 37,342	9
10						10
11	Professional & Consulting Services					11
12	Legal	$ 291	$ 377	$ (86)	$ 366	12
13	Accounting & Auditing	205	207	(2)	189	13
14	Information Technology	2,275	2,305	(30)	3,877	14
15	Actuarial Services	89	89	(0)	72	15
16	Omsbudsman Program	105	131	(26)	112	16
17	Surveys & Inspections	290	411	(121)	1,054	17
18	Disaster Recovery Services	6	7	(0)	4	18
19	Other Services [1]	4,537	4,586	(49)	6,761	19
20	Subtotal	$ 7,798	$ 8,111	$ (313)	$ 12,436	20
21						21
22	Hardware/Software Purchases & Licensing	4,989	5,149	(160)	3,257	22
23	Rental & Maintenance - Office/Equipment	764	817	(53)	703	23
24	Travel Expenses	116	214	(98)	132	24
25	Postage, Telephone and Express	1,283	1,196	87	1,272	25
26	Capital Management Expenses	0	0	0	0	26
27	Depreciation & Amortization	2,315	2,315	0	2,324	27
28	Other Operating Expenses	1,301	1,644	(342)	1,294	28
29						29
30	**Total Operating Expenses**	**$ 54,543**	**$ 64,290**	**$ (9,747)**	**$ 58,761**	30
31						31
32	Capitalization of Fixed Assets	0	0	0	0	32
33	Reimbursement of Depop Servicing Expense	0	0	0	(0)	33
34	Allocation To ULAE	(25,750)	(33,568)	7,818	(30,343)	34
35	Allocation To Investing & Other Expense	(69)	(38)	(31)	(40)	35
36	Net Operating Expense - UW Operations	**$ 28,725**	**$ 30,685**	**$ (1,959)**	**$ 28,378**	36

[1] **Summary Details for Other Services:**

VENDOR	Amount	Department
Accenture LLP	$ 1,255	Slab Claim Evaluation Program
Clear Point Claims LLC	497	Underwriting
AON Re Inc	450	Actuary & Enterprise Analytics
Moody's Analytics Inc.	413	Slab Claim Evaluation Program
Xactware Solutions Inc	307	Claims
Marshall & Swift/Boeckh	276	Underwriting
Risk Management Solutions Inc	192	Slab Claim Evaluation Program
ISO Services Inc	178	Claims
LexisNexis Risk Solutions FL Inc	168	Legal & Compliance / Underwriting
Nearmap US, Inc	147	Claims
Genesys Cloud Services, Inc.-	130	Underwriting
Floatbot, Inc	67	Claims
Cornerstone OnDemand Inc	51	Human Resources
*Other Outside Services below $50K	403	Various Departments
Total Other Services	**$ 4,537**	

Statutory Balance Sheet
(In 000s)

		Sep-2025	Dec-2024	
1		**Sep-2025**	**Dec-2024**	1
2	**Admitted Assets**			2
3	Cash and short term investments:			3
4	Unrestricted	$ 765,856	$ 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	765,856	261,866	7
8	Premiums receivable & other	78,718	57,786	8
9	Assessment receivable	0	0	9
10	Amounts recoverable from reinsurers	0	0	10
11	**Total admitted assets**	**$ 844,573**	**$ 319,652**	11
12				12
13	**Liabilities, Surplus and other funds**			13
14	**Liabilities:**			14
15	Loss and Loss adjustment expenses	97,868	161,475	15
16	Underwriting expenses payable	19,521	18,521	16
17	Unearned premiums, net of ceded unearned premiums	328,424	390,888	17
18	Ceded reinsurance premiums payable	197,574	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	25,889	19,007	24
25	Statutory fund payable	136,101	0	25
26	**Total liabilities**	**805,378**	**733,163**	26
27				27
28	**Surplus and other funds**			28
29	Unassigned surplus (deficit)	39,195	(413,511)	29
30	**Total liabilities, surplus and other funds**	**$ 844,573**	**$ 319,652**	30
31				31
32				32
33	**Balance in CRTF**	**$ 12,428**	**$ 466,330**	33
34				34
35	**Balance in CRTF including Statutory fund payable**	**$ 148,529**	**$ 466,330**	35
36				36

Statement of Cash Flows
(In 000s)

	For the nine months ended September 30,		
	Actual - 2025	Budget - 2025	Variance - 2025
Cash flows from operating activities:			
Premiums collected, net of reinsurance	$ 289,301	$ 358,055	$ (68,754)
Losses and loss adjustment expense paid [(1)(2)]	(138,980)	(147,649)	8,669
Underwriting expenses paid	(122,240)	(126,270)	4,030
Member assessment received	0	0	0
Other	(1,412)	0	(1,412)
Net cash provided by operating activities	26,669	84,136	(57,467)
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	15,856	13,033	2,822
Net cash provided by investing activities	15,856	13,033	2,822
Cash flows from financing activities:			
Borrowed funds	0	0	0
Borrowed funds repaid	0	0	0
Debt and Credit Agreement Fees	(1,263)	(1,418)	155
Net cash provided by financing activities	(1,263)	(1,418)	155
Net increase (decrease) in cash and short-term investments	503,990	563,752	(59,762)
Cash and short-term investments, Beginning	261,866	261,866	0
Cash and short-term investments, Ending	**$ 765,856**	**$ 825,618**	**$ (59,762)**
[(1)] Direct Beryl Loss/LAE payments	$ 81,493		
[(2)] Direct Harvey Loss/LAE payments	286		

Note: Beginning budgeted Cash and Short-term investments adjusted to actual for comparative purposes.

Cash and Short-Term Investments
(In 000s)

Unrestricted Cash and Short Term Investments ($ in 000s)
September 30, 2025

Bank	Non Interest Bearing	Interest Bearing	Total Amount of Deposits	Average Daily Balance for the Quarter	Investment Income during the Quarter	Average Annual Yield	Total Deposit % of TWIA's Portfolio	N.A. Bank Credit Rating	N.A Tier 1 Capital Ratio	N.A. Regulatory Capital	Are funds in excess of the N.A. Regulatory Capital?
							< 40%	Superior or Strong	> 10%	> $25B	> .2% of N.A. Reg Capital
Balances as of 09/30/2025:											
Bank of America, Operating	$ 162	$ 42,156	$ 42,318	$ 53,418	$ 415	3.1%	6%	Superior	13.3%	$196	No
Citibank	0	0	0	0	0	0.0%	0%	Superior	13.9%	$160	No
JP Morgan Chase	0	35,376	35,376	55,618	340	2.4%	5%	Superior	15.6%	$282	No
Citibank IMMA	0	0	0	0	0	0.0%	0%	N/A	N/A	N/A	N/A
JP Morgan U.S. Treasury Plus Money Market Fund (1)	0	225,225	225,225	197,858	2,067	4.2%	29%	N/A	N/A	N/A	N/A
Chase Goldman Sachs (1)	0	150,787	150,787	150,250	1,549	4.1%	20%	N/A	N/A	N/A	N/A
BOA Morgan Stanley (2)	0	51,503	51,503	50,761	528	4.2%	7%	N/A	N/A	N/A	N/A
BOA Dreyfus Treasury (2)	0	116,961	116,961	116,544	1,202	4.1%	15%	N/A	N/A	N/A	N/A
Fidelity Treasury (2)	0	143,686	143,686	127,586	1,337	4.2%	19%	N/A	N/A	N/A	N/A
Total of all financial institutions	**$ 162**	**$ 765,693**	**$ 765,856**	**$ 752,036**	**$ 7,438**	**4.0%**	**100%**				
Balances as of 06/30/2025:											
Bank of America, Operating	$ 162	$ 60,933	$ 61,095	$ 42,638	$ 329	3.1%	8%	Superior	13.4%	$194	No
Citibank	0	0	0	0	0	0.0%	0%	Superior	14.2%	$158	No
JP Morgan Chase	0	52,121	52,121	55,862	342	2.4%	7%	Superior	15.8%	$278	No
Citibank IMMA	0	0	0	0	0	0.0%	0%	N/A	N/A	N/A	N/A
JP Morgan U.S. Treasury Plus Money Market Fund (1)	0	183,268	183,268	171,684	1,792	4.2%	25%	N/A	N/A	N/A	N/A
Chase Goldman Sachs (1)	0	149,231	149,231	148,706	1,538	4.1%	20%	N/A	N/A	N/A	N/A
BOA Morgan Stanley (2)	0	50,974	50,974	50,796	522	4.1%	7%	N/A	N/A	N/A	N/A
BOA Dreyfus Treasury (2)	0	115,754	115,754	115,348	1,191	4.1%	16%	N/A	N/A	N/A	N/A
Fidelity Treasury (2)	0	122,388	122,388	116,487	1,215	4.2%	17%	N/A	N/A	N/A	N/A
Total of all financial institutions	**$ 162**	**$ 734,669**	**$ 734,831**	**$ 701,521**	**$ 6,929**	**4.0%**	**100%**				

(1) The Fund invests in U.S. treasury bills, notes, bonds and other obligations issued or guaranteed by the U.S. Treasury.

(2) The Fund invests in U.S. Treasury bills, notes, trust receipts and direct obligations of the U.S. Treasury.

Bank credit rating, Tier 1 Capital Ratios, and Regulatory Capital were reviewed with the latest financial information available as of June 30, 2025. Rates, ratios and regulatory capital are comparable and consistent with year end National Association (N.A.) results.

Historical Data
($ in 000s)

1971 - 2025

($ with 000s omitted)

	GROSS						NET				
YEAR	LIABILITY IN FORCE END OF PERIOD	POLICY COUNT	RATE CHANGES RESIDENTIAL	RATE CHANGES COMMERCIAL	WRITTEN PREMIUMS	LOSS & LAE INCURRED	EARNED PREMIUMS	LOSS & LAE INCURRED	UNDERWRITING EXPENSES INCURRED	UNDERWRITING GAIN (LOSS)	CRTF BALANCE END OF PERIOD
1971-1987	$ 4,401,486	57,976			$ 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	-	-	653,043	91,367	371,366	91,373	140,022	139,972	283,006
2024	113,745,440	272,567	-	-	758,845	634,413	311,911	634,413	161,578	(484,080)	466,330
2025	125,337,422	283,333	-	-	663,926	75,372	309,842	75,372	125,580	108,890	12,428
TOTAL*					**$ 9,947,537**	**$ 6,795,251**	**$ 6,393,662**	**$ 5,323,677**	**$ 2,176,500**	**$ (1,106,516)**	

*2025 data through 9/30/2025

6C. Review and Approval of 2026 Budget

Texas Windstorm Insurance Association

2026 Budget Summary

Board of Directors

November 4, 2025

2025 Forecasted Income Statement with Reconciliation to Workshop
(In 000s)

		A	B	C	D	E	
		For the twelve months ended December 31,			Budget Workshop October 8		
		FINAL Forecast FY2025	Budget FY2025	Variance 2025	Forecast FY2025	CHANGE	
	Premiums Written:						
1	Direct	$ 818,093	$ 779,482	$ 38,611	$ 818,093	0	1
2	**Premiums Earned:**						2
3	Direct	$ 791,456	$ 779,233	$ 12,224	$ 791,456	0	3
4	Ceded	(416,548)	(485,000)	68,452	(416,548)	0	4
5	Net	374,909	294,233	80,676	374,909	0	5
6	**Deductions:**						6
7	Losses and LAE Incurred	94,430	98,401	(3,972)	94,430	0	7
8	Operating Expenses	39,439	40,270	(831)	39,475	(36)	8
9	Commission Expense	130,851	124,717	6,134	130,851	0	9
10	Ceding commissions / brokerage	(9,325)	(12,125)	2,800	(9,325)	0	10
11	Premium / Maintenance Tax	67	14,226	(14,158)	67	0	11
12	Total Deductions	255,462	265,489	(10,027)	255,498	(36)	12
13	**Net Underwriting Gain or (Loss)**	119,446	28,744	90,703	119,411	36	13
14	**Other Income or (Expense):**						14
15	Gross Investment Income	23,812	18,323	5,488	23,818	(6)	15
16	Line of Credit Fees and Other Investm	(1,884)	(2,018)	133	(1,884)	0	16
17	Interest Expense on Debt	0	0	0	0	0	17
18	Premium Charge Offs/Write Offs	(1)	0	(1)	(1)	0	18
19	Other Income (Expense)	0	0	0	0	0	19
20	Total Other Income or (Expense)	21,926	16,305	5,621	21,932	(6)	20
21							21
22	**Net Income (Loss)**	**$ 141,372**	**$ 45,049**	**$ 96,323**	**$ 141,343**	**29**	22
23							23

Decrease in Operating Expense is due to the reduction in estimated Telephone cost.

2025 Forecasted Surplus & Key Ratios with Reconciliation to Workshop
(In 000s)

		A	B	C	D	E	
		For the twelve months ended December 31,			Budget Workshop October 8		
		FINAL Forecast FY2025	Budget FY2025	Variance 2025	Forecast FY2025	CHANGE	
1	**Surplus (Deficit) Account:**						1
2	Beginning Surplus (Deficit)	$ (413,511)	$ (442,685)	$ 29,174	$ (413,511)	(0)	2
3	Net Income (Loss)	141,372	45,049	96,323	141,343	29	3
4	Change in Provision for Reinsurance	0	0	0	0	0	4
5	Change in Non-Admitted Assets	1,735	3,349	(1,613)	4,068	(2,333)	5
6	Statutory Fund (Cost)/Received (1)	286,355	422,951	(136,596)	286,385	(29)	6
7	**Ending Surplus (Deficit)**	**$ 15,952**	**$ 28,663**	**$ (12,712)**	**$ 18,285**	**$ (2,333)**	7
8							8
9	**Key Operating Ratios:**						9
10	Direct:						10
11	Loss & LAE Ratio	**11.9%**	**12.6%**	(0.7%)	**11.9%**	**0.00%**	11
12	UW Expense Ratio:						12
13	Acquisition	16.0%	17.8%	(1.8%)	16.0%	0.0%	13
14	Non Acquisition	5.0%	5.2%	(0.2%)	5.0%	(0.0%)	14
15	UW Expense Ratio	21.0%	23.0%	(2.0%)	21.0%	(0.0%)	15
16	**Direct Combined Ratio**	**32.92%**	**35.6%**	**(2.7%)**	**32.9%**	**(0.0%)**	16
17							17
18	**Ending Balance in CRTF**	**$ 13,809**	**$ 10,032**	**$ 3,777**	**$ 13,809**	**$ -**	18

(1) Forecast for 2025 consists of CRTF funds received of $462,728 less 2025 accrued CRTF expense of $176,372.

Decrease in Non-Admitted Assets is due primarily to the change in the Slab Claims Evaluation Program.

2025 Expense Forecast with Reconciliation to Workshop

(In 000s)

		A	B	C	D	E	
		For the twelve months ended December 31,			Budget Workshop October 8		
		FINAL Forecast FY2025	Budget FY2025	Variance 2025	Forecast FY2025	CHANGE	
1	Personnel Expenses	$ 48,807	$ 56,123	$ (7,316)	$ 48,807	0	1
2	Professional & Consulting Services	10,244	10,043	202	10,244	0	2
3	Hardware/Software Purchases & Licensing	6,659	6,654	4	6,659	0	3
4	Rental & Maintenance - Office/Equipment	1,045	1,093	(47)	1,045	0	4
5	Travel Expenses	221	288	(67)	221	0	5
6	Postage, Telephone and Express	1,738	1,550	188	1,773	(36)	6
7	Capital Management Expenses	0	0	0	0	0	7
8	Depreciation	3,086	3,086	0	3,086	0	8
9	Other Operating Expenses	1,893	2,221	(329)	1,893	0	9
10	**Gross Operating Expenses**	**73,694**	**81,059**	**(7,366)**	**73,730**	**(36)**	10
11	**Less: Adjustments/Allocations**						11
12	Capitalization of Fixed Assets	0	0	0	0	0	12
13	Reimbursement of Depopulation Servicing Expense	0	0	0	0	0	13
14	Allocation To ULAE	(34,171)	(40,740)	6,569	(34,171)	0	14
15	Allocation To Investing	(84)	(49)	(35)	(84)	0	15
16	**Total Adjustments/Allocations**	**(34,255)**	**(40,789)**	**6,534**	**(34,255)**	**0**	16
17							17
18	**Net Operating Expense**	**$ 39,439**	**$ 40,270**	**$ (831)**	**$ 39,475**	**(36)**	18

Decrease in operating expenses represents reduction in estimated Telephone charges.

2026 Budget - Income Statement with Reconciliation to Workshop
(In 000s)

		A	B	C	
		FINAL Budget FY2026	Budget Workshop October 8 Budget FY2026	CHANGE	
	Premiums Written:				
1	Direct	$ 781,032	$ 781,032	0	1
2	**Premiums Earned:**				2
3	Direct	$ 808,261	$ 808,261	0	3
4	Ceded	(237,000)	(237,000)	0	4
5	Net	571,261	571,261	0	5
6	**Deductions:**				6
7	Losses and LAE Incurred	110,887	110,887	0	7
8	Operating Expenses	44,714	45,362	(648)	8
9	Commission Expense	124,965	124,965	0	9
10	Ceding commissions / brokerage	(11,850)	(11,850)	0	10
11	Premium / Maintenance Tax	58	58	0	11
12	Total Deductions	268,773	269,421	(648)	12
13	**Net Underwriting Gain or (Loss)**	302,488	301,840	648	13
14	**Other Income or (Expense):**				14
15	Gross Investment Income	21,597	21,632	(35)	15
16	Line of Credit Fees and Other Investment Expenses	(1,953)	(1,953)	0	16
17	Interest Expense on Debt	0	0	0	17
18	Premium Charge Offs/Write Offs	0	0	0	18
19	Other Income (Expense)	0	0	0	19
20	Total Other Income or (Expense)	19,644	19,679	(35)	20
21					21
22	**Net Income (Loss)**	**$ 322,132**	**$ 321,519**	**613**	22
23					23

Decrease in the 2026 Operating Expenses is due to the change in Guidewire Licensing fees.

2026 Budget – Surplus and Key Ratios with Reconciliation to Workshop

(In 000s)

		A	B	C	
		FINAL Budget FY2026	**Budget Workshop October 8 Budget FY2026**	**CHANGE**	
1	**Surplus (Deficit) Account:**				1
2	Beginning Surplus (Deficit)	$ 15,952	$ 18,285	$ (2,332)	2
3	Net Income (Loss)	322,132	321,519	613	3
4	Change in Provision for Reinsurance	0	-	0	4
5	Change in Non-Admitted Assets	4,548	3,495	1,053	5
6	Statutory Fund Cost	(322,132)	(321,519)	(613)	6
7	**Ending Surplus (Deficit)**	**$ 20,501**	**$ 21,780**	**$ (1,280)**	7
8					8
9	**Key Operating Ratios:**				9
10	Direct:				10
11	Loss & LAE Ratio	13.7%	13.7%	0.0%	11
12	UW Expense Ratio:				12
13	Acquisition	16.0%	16.0%	0.0%	13
14	Non Acquisition	5.5%	5.6%	(0.1%)	14
15	UW Expense Ratio	21.5%	21.6%	(0.1%)	15
16	**Direct Combined Ratio**	35.3%	35.3%	(0.1%)	16
17					17
18	**Ending Balance in CRTF**	**$ 202,418**	**$ 202,499**	**$ (81)**	18

Change in Ending Surplus reflects the revised 2025 forecast and adjustments to 2026 net income and non-admitted assets.

2026 Budget – Expense Summary with Reconciliation to Workshop

(In 000s)

		A	B	C	
		FINAL Budget FY2026	Budget Workshop October 8 Budget FY2026	CHANGE	
1	Personnel Expenses	43,949	43,949	0	1
2	Professional & Consulting Services	10,070	10,070	0	2
3	Hardware/Software Purchases & Licensing	8,531	9,371	(841)	3
4	Rental & Maintenance - Office/Equipment	1,152	1,152	0	4
5	Travel Expenses	381	381	0	5
6	Postage, Telephone and Express	1,914	1,914	0	6
7	Capital Management Expenses	0	0	0	7
8	Depreciation	3,086	3,086	0	8
9	Other Operating Expenses	2,094	2,070	25	9
10	**Gross Operating Expenses**	**71,178**	**71,994**	**(816)**	10
11	**Less: Adjustments/Allocations**				11
12	Capitalization of Fixed Assets	0	0	0	12
13	Reimbursement of Depopulation Servicing Expense	0	0	0	13
14	Allocation To ULAE	(26,380)	(26,548)	168	14
15	Allocation To Investing	(84)	(84)	0	15
16	**Total Adjustments/Allocations**	**(26,464)**	**(26,632)**	**168**	16
17					17
18	**Net Operating Expense**	**44,714**	**45,362**	**(648)**	18

Decrease in net operating expense reflects reduction in Guidewire fees less allocation to ULAE.

Final TWIA 2026 Income Statement Budget

(In 000s)

		A	B	C	D	
		For the twelve months ended December 31,				
		Forecast FY2025	Budget FY2025	Variance 2025	Budget FY2026	
	Premiums Written:					
1	Direct	$ 818,093	$ 779,482	$ 38,611	$ 781,032	1
2	**Premiums Earned:**					2
3	Direct	$ 791,456	$ 779,233	$ 12,224	$ 808,261	3
4	Ceded	(416,548)	(485,000)	68,452	(237,000)	4
5	Net	374,909	294,233	80,676	571,261	5
6	**Deductions:**					6
7	Losses and LAE Incurred	94,430	98,401	(3,972)	110,887	7
8	Operating Expenses	39,439	40,270	(831)	44,714	8
9	Commission Expense	130,851	124,717	6,134	124,965	9
10	Ceding commissions / brokerage	(9,325)	(12,125)	2,800	(11,850)	10
11	Premium / Maintenance Tax	67	14,226	(14,158)	58	11
12	Total Deductions	255,462	265,489	(10,027)	268,773	12
13	**Net Underwriting Gain or (Loss)**	119,446	28,744	90,703	302,488	13
14	**Other Income or (Expense):**					14
15	Gross Investment Income	23,812	18,323	5,488	21,597	15
16	Line of Credit Fees and Other Investment Expenses	(1,884)	(2,018)	133	(1,953)	16
17	Interest Expense on Debt	0	0	0	0	17
18	Premium Charge Offs/Write Offs	(1)	0	(1)	0	18
19	Other Income (Expense)	0	0	0	0	19
20	Total Other Income or (Expense)	21,926	16,305	5,621	19,644	20
21						21
22	**Net Income (Loss)**	**$ 141,372**	**$ 45,049**	**$ 96,323**	**$ 322,132**	22
23						23

Final TWIA 2026 Budget – Surplus & Key Ratios

(In 000s)

		A	B	C	D	
		For the twelve months ended December 31,				
		Forecast FY2025	Budget FY2025	Variance 2025	Budget FY2026	
1	**Surplus (Deficit) Account:**					1
2	Beginning Surplus (Deficit)	(413,511)	(442,685)	29,174	15,952	2
3	Net Income (Loss)	141,372	45,049	96,323	322,132	3
4	Change in Provision for Reinsurance	0	0	0	0	4
5	Change in Non-Admitted Assets	1,735	3,349	(1,613)	4,548	5
6	Statutory Fund Cost	286,355	422,951	(136,596)	(322,132)	6
7	**Ending Surplus (Deficit)**	**$15,952**	**$28,663**	**($12,712)**	**$20,501**	7
8						8
9	**Key Operating Ratios:**					9
10	Direct:					10
11	Loss & LAE Ratio	**11.9%**	**12.6%**	(0.7%)	**13.7%**	11
12	UW Expense Ratio:					12
13	Acquisition	16.0%	17.8%	(1.8%)	16.0%	13
14	Non Acquisition	5.0%	5.2%	(0.2%)	5.5%	14
15	UW Expense Ratio	21.0%	23.0%	(2.0%)	21.5%	15
16	**Direct Combined Ratio**	**32.9%**	**35.6%**	**(2.7%)**	**35.3%**	16
17						17
18	**Ending Balance in CRTF**	**13,809**	**10,032**	**3,777**	**202,418**	18

Final TWIA 2026 Operating Expenses Budget
(In 000s)

	A	B	C	D	E
		For the twelve months ended December 31,			
		Forecast FY2025	Budget FY2025	Variance 2025	Budget FY2026
1	Personnel Expenses	48,807	56,123	(7,316)	43,949
2	Professional & Consulting Services	10,244	10,043	202	10,070
3	Hardware/Software Purchases & Licensing	6,659	6,654	4	8,531
4	Rental & Maintenance - Office/Equipment	1,045	1,093	(47)	1,152
5	Travel Expenses	221	288	(67)	381
6	Postage, Telephone and Express	1,738	1,550	188	1,914
7	Capital Management Expenses	0	0	0	0
8	Depreciation	3,086	3,086	0	3,086
9	Other Operating Expenses	1,893	2,221	(329)	2,094
10	**Gross Operating Expenses**	**73,694**	**81,059**	**(7,366)**	**71,178**
11	**Less: Adjustments/Allocations**				
12	Capitalization of Fixed Assets	0	0	0	0
13	Reimbursement of Depopulation Servicing Expense	0	0	0	0
14	Allocation To ULAE	(34,171)	(40,740)	6,569	(26,380)
15	Allocation To Investing	(84)	(49)	(35)	(84)
16	**Total Adjustments/Allocations**	**(34,255)**	**(40,789)**	**6,534**	**(26,464)**
17					
18	**Net Operating Expense**	**39,439**	**40,270**	**(831)**	**44,714**


ANY
QUESTIONS

7. Actuarial

7A. Policy Count and Exposures

TEXAS WINDSTORM INSURANCE ASSOCIATION

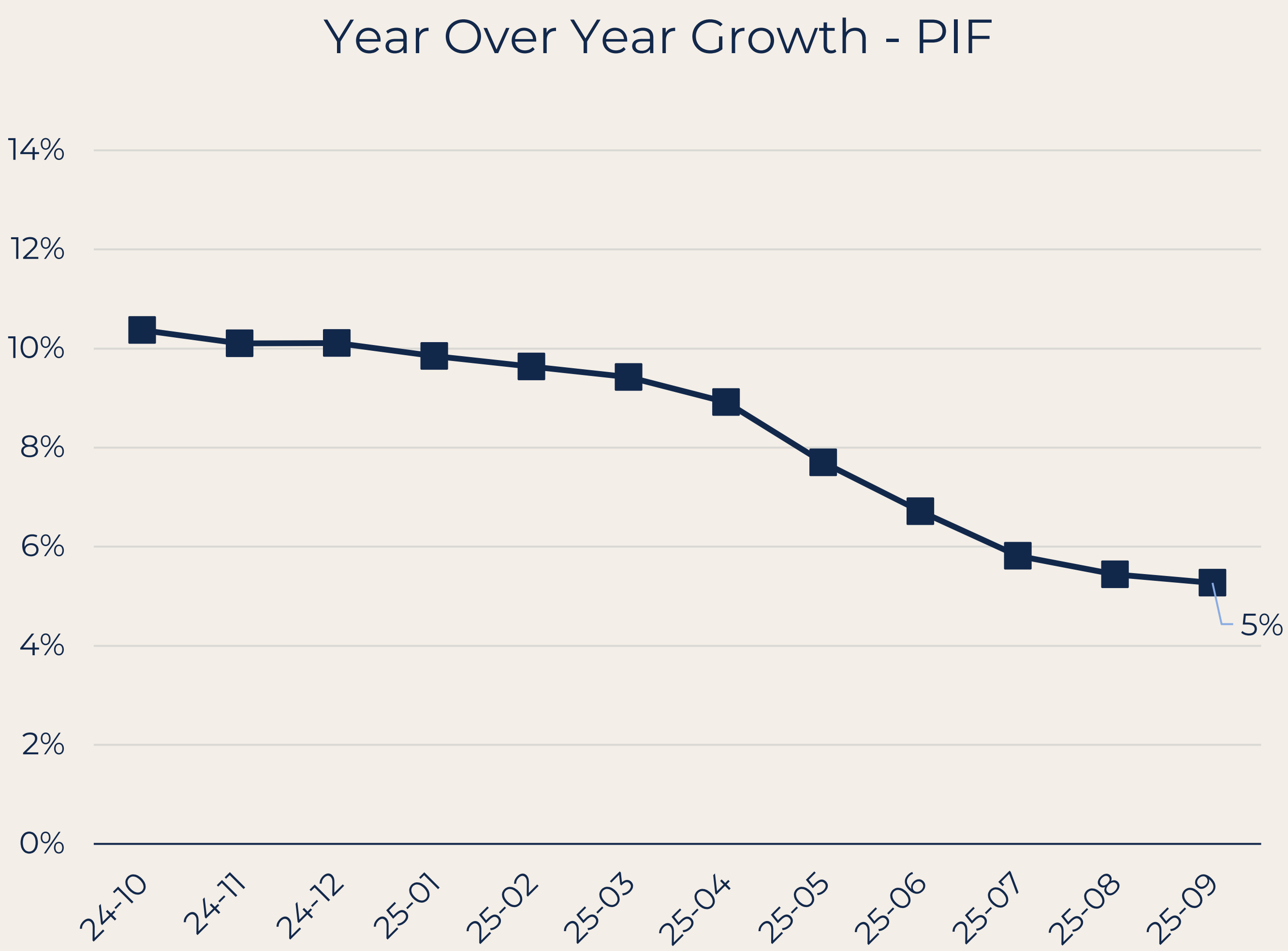
Executive Summary

- Steady and modest growth continues
- **New Policy Issuances**: Down 5% year-over-year
- **Retention** Rate: Steady at 88%
- **Top County Growth**: Brazoria (+20%), Chambers (+22%) and Refugio (+19%)

TWIA		
	9/30/2025	YOY Growth
Policies In-Force	283,333	+5%
Total Insured Value	125.3B	+13%
YTD Written Premium	664M	+10%

YOY Summary

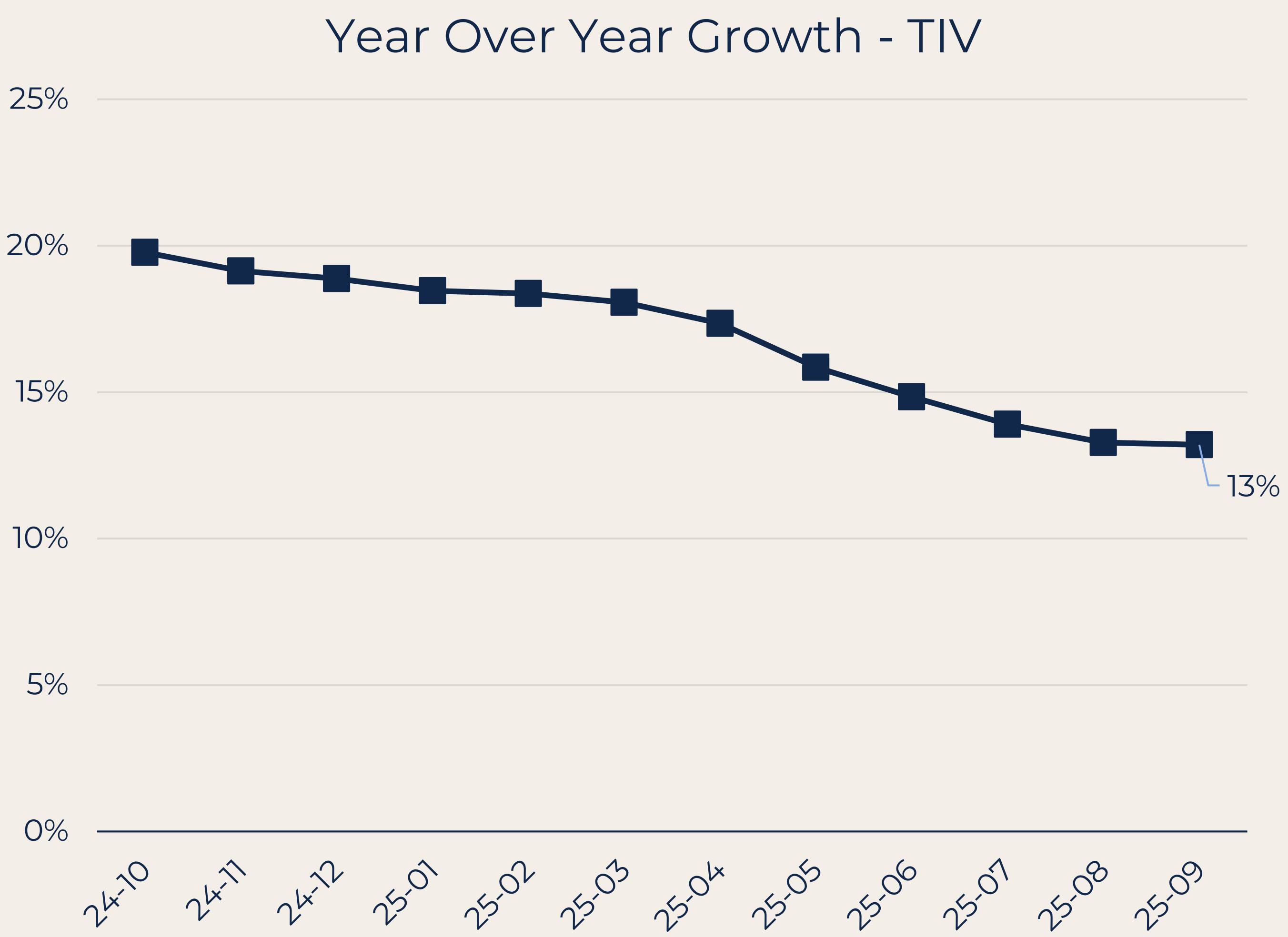
- **PIF growth persists, but at a decelerating rate over the last 12 months**
- **PIF growth: 5%, mainly driven by residential (6%)**



Year/Month	2024-10	2024-11	2024-12	2025-01	2025-02	2025-03	2025-04	2025-05	2025-06	2025-07	2025-08	2025-09
PIF	270,501	271,316	272,567	273,422	274,735	276,220	277,847	278,908	280,376	281,817	282,632	283,333

YOY Summary

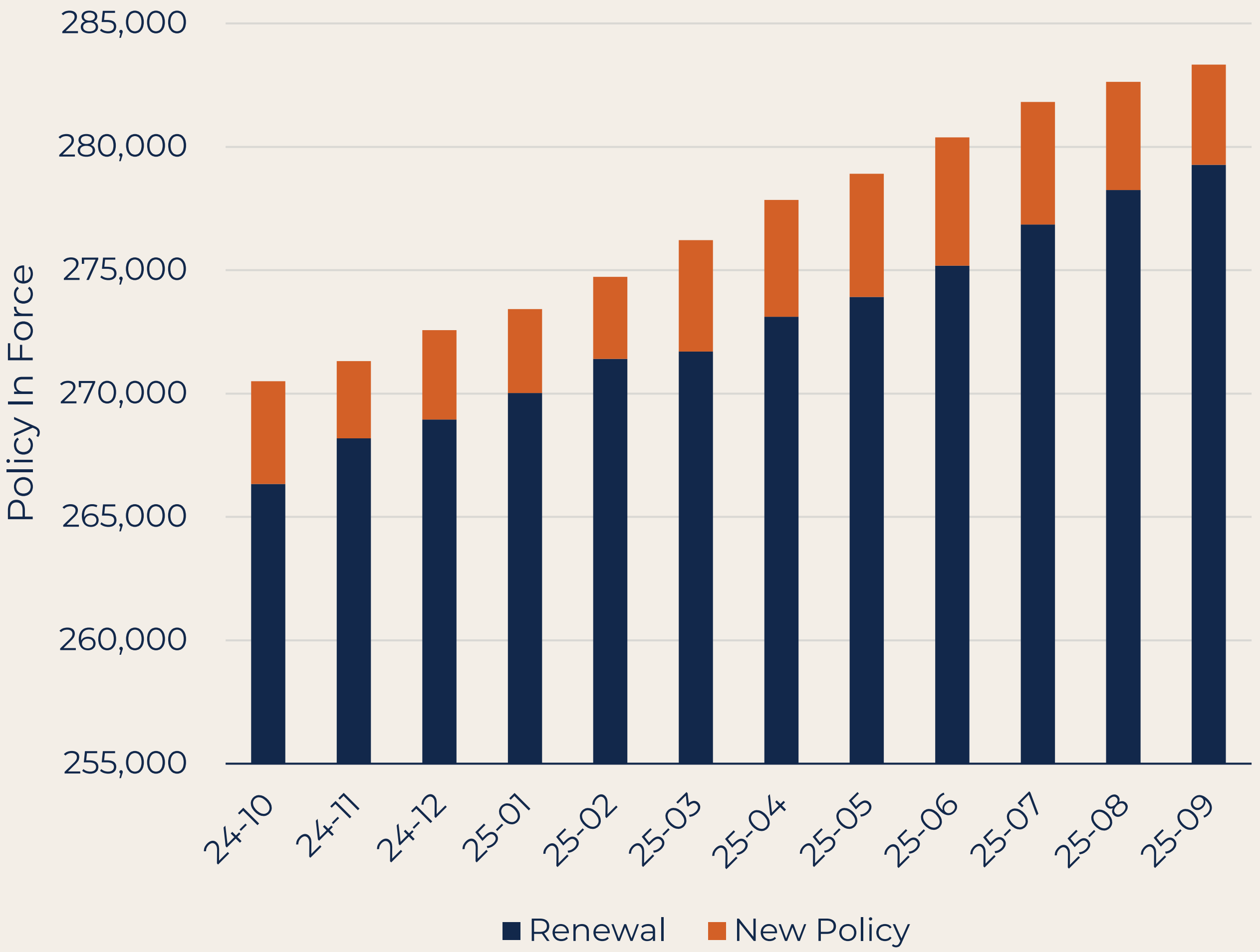
- **TIV growth persists, but at a decelerating rate over the last 12 months**
- **TIV growth: 13%, mainly driven by residential (16%)**



Year/Month	2024-10	2024-11	2024-12	2025-01	2025-02	2025-03	2025-04	2025-05	2025-06	2025-07	2025-08	2025-09
TIV (000s)	111,931	112,746	113,745	114,695	115,764	117,187	118,599	119,581	121,177	122,479	123,768	125,337

New Business versus Renewal

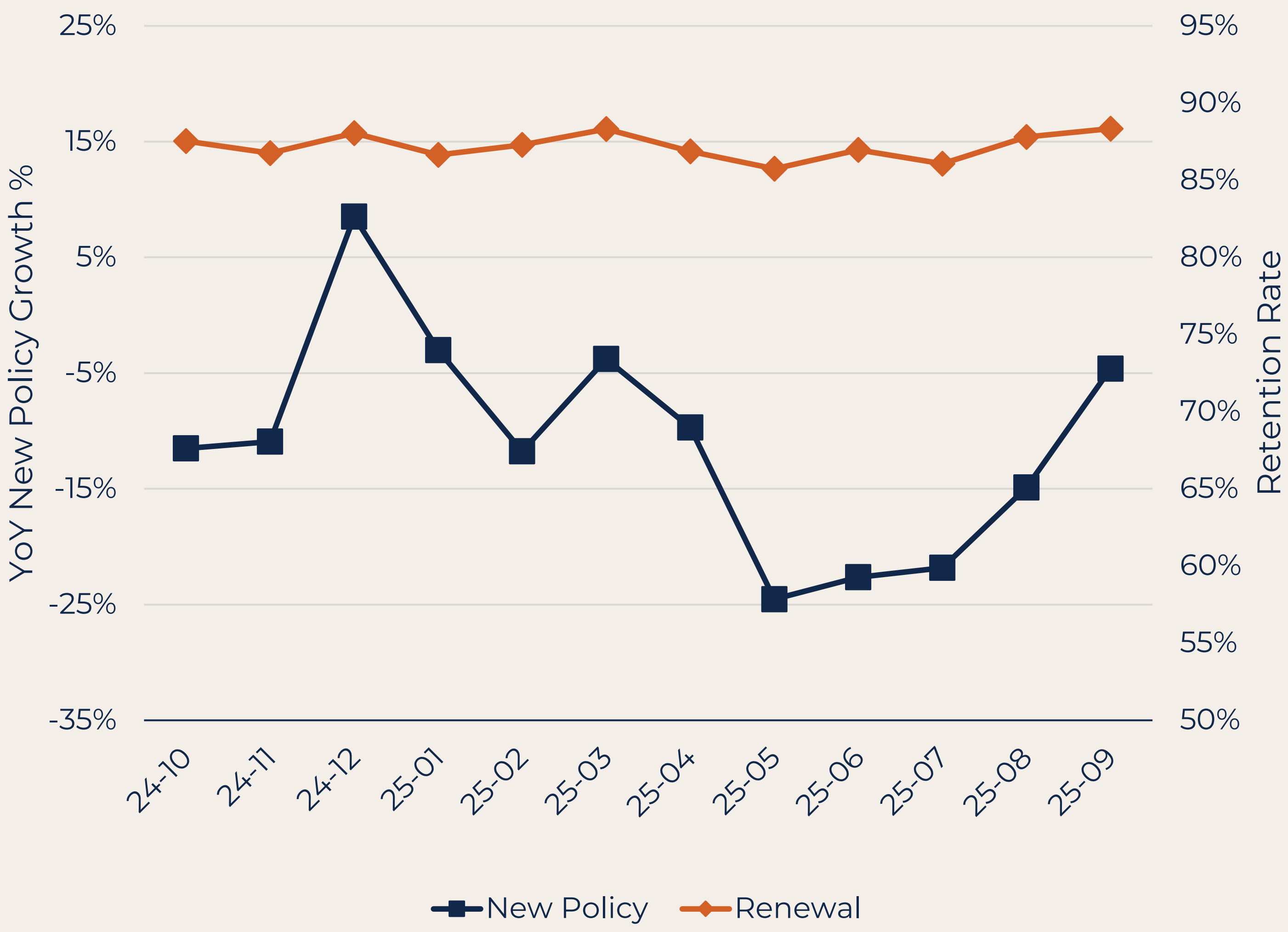
- **New policies account for less than 2% of total PIF**



Year/Month	2024-10	2024-11	2024-12	2025-01	2025-02	2025-03	2025-04	2025-05	2025-06	2025-07	2025-08	2025-09
New Policy	4,161	3,133	3,620	3,398	3,330	4,511	4,728	4,989	5,198	4,966	4,384	4,066
Renewal	266,340	268,183	268,947	270,024	271,405	271,709	273,119	273,919	275,178	276,851	278,248	279,267

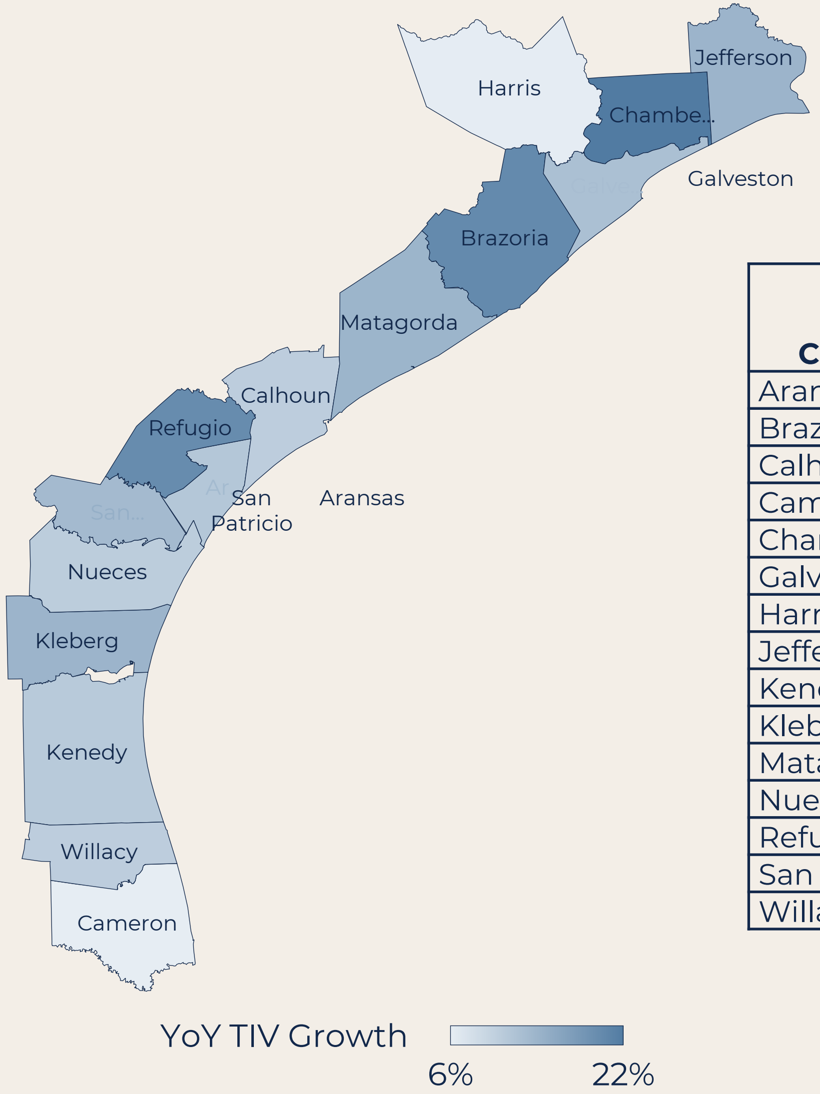
New Business versus Renewal

- **New policy issuance is down 5% YoY**
- **Retention rate is 88% as of September**



TIV Growth by County

- **Overall growth of 13%**



County	TIV (in millions)	YoY Growth %
Aransas	3,955	11.00%
Brazoria	20,687	19.70%
Calhoun	1,630	10.10%
Cameron	4,944	5.60%
Chambers	3,509	21.80%
Galveston	37,351	12.00%
Harris	1,931	5.70%
Jefferson	11,028	13.70%
Kenedy	9	10.60%
Kleberg	360	13.70%
Matagorda	1,922	13.60%
Nueces	19,765	10.20%
Refugio	149	19.40%
San Patricio	3,329	12.80%
Willacy	149	10.10%

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

County	Policies In-Force 9/30/24	Policies In-Force 9/30/25	PIF Growth Actual	PIF Growth Percentage	Exposure In-Force 9/30/24	Exposure In-Force 9/30/25	Exposure Growth Actual	Exposure Growth Percentage	YTD Written Premium 9/30/24	YTD Written Premium 9/30/25	Premium Growth Actual	Premium Growth Percentage
Aransas	8,544	8,958	414	4.80%	3,955,079,500	4,391,240,700	$436,161,200	11.00%	24,887,027	26,566,598	$1,679,571	6.70%
Brazoria	50,987	56,248	5,261	10.30%	20,686,962,400	24,755,080,300	$4,068,117,900	19.70%	105,033,616	121,428,545	$16,394,929	15.60%
Calhoun	4,686	4,741	55	1.20%	1,629,883,700	1,794,047,200	$164,163,500	10.10%	10,287,027	11,008,346	$721,319	7.00%
Cameron	11,532	11,477	-55	-0.50%	4,944,422,000	5,219,969,900	$275,547,900	5.60%	27,591,751	27,656,178	$64,427	0.20%
Chambers	7,728	8,717	989	12.80%	3,509,475,200	4,273,792,300	$764,317,100	21.80%	17,322,284	20,138,455	$2,816,171	16.30%
Galveston	83,024	85,982	2,958	3.60%	37,350,604,400	41,848,638,300	$4,498,033,900	12.00%	200,697,068	219,746,271	$19,049,203	9.50%
Harris	4,510	4,534	24	0.50%	1,930,679,900	2,040,393,900	$109,714,000	5.70%	7,830,268	7,838,061	$7,793	0.10%
Jefferson	32,984	34,774	1,790	5.40%	11,027,750,400	12,540,739,800	$1,512,989,400	13.70%	66,720,852	74,193,532	$7,472,680	11.20%
Kenedy	35	38	3	8.60%	8,794,800	9,724,600	$929,800	10.60%	64,448	67,930	$3,482	5.40%
Kleberg	1,056	1,111	55	5.20%	359,621,100	408,826,300	$49,205,200	13.70%	2,454,553	2,728,085	$273,532	11.10%
Matagorda	5,678	5,845	167	2.90%	1,922,316,300	2,182,942,600	$260,626,300	13.60%	11,049,443	12,385,598	$1,336,155	12.10%
Nueces	48,402	50,420	2,018	4.20%	19,764,624,400	21,775,055,900	$2,010,431,500	10.20%	110,783,791	117,274,079	$6,490,288	5.90%
Refugio	464	510	46	9.90%	149,262,500	178,279,100	$29,016,600	19.40%	995,460	1,159,248	$163,788	16.50%
San Patricio	9,112	9,568	456	5.00%	3,329,265,400	3,755,224,800	$425,959,400	12.80%	18,799,888	20,647,449	$1,847,561	9.80%
Willacy	410	410	0	0.00%	148,508,400	163,465,900	$14,957,500	10.10%	1,041,255	1,087,619	$46,364	4.50%
Total	269,152	283,333	14,181	5.30%	110,717,250,400	125,337,421,600	$14,620,171,200	13.20%	605,558,731	663,925,994	$58,367,263	9.60%

Texas Windstorm Insurance Association
Quarterly Liability Report
As of September 30, 2025

Class of Business	Policies Written During Qtr	Policies Written YTD	Risks Written During Qtr	Risks Written YTD	Premium Written During Qtr	Premium Written YTD	Liability at End of Quarter Direct	Liability at End of Quarter Indirect	In-Force at End of Quarter Policies	In-Force at End of Quarter Risks
Aransas										
Commercial	162	390	370	930	2,037,703	5,057,991	538,110,500	14,188,285	442	1,026
Manufactured Home	92	248	92	248	191,718	489,329	20,571,100	0	260	260
Residential	2,951	7,034	2,951	7,034	9,023,637	21,019,278	3,832,559,100	348,856,600	8,256	8,256
Total	3,205	7,672	3,413	8,212	11,253,058	26,566,598	4,391,240,700	363,044,885	8,958	9,542
Brazoria										
Commercial	302	715	513	1,243	2,417,737	6,877,794	734,922,700	19,668,465	824	1,428
Manufactured Home	169	454	169	454	267,903	861,149	38,079,200	0	505	505
Residential	18,915	46,159	18,915	46,159	48,404,195	113,689,602	23,982,078,400	3,413,031,200	54,919	54,919
SUM:	19,386	47,328	19,597	47,856	51,089,835	121,428,545	24,755,080,300	3,432,699,665	56,248	56,852
Calhoun										
Commercial	76	175	160	369	617,466	1,629,863	175,465,400	3,674,160	204	450
Manufactured Home	32	75	32	75	60,601	140,645	6,862,700	0	90	90
Residential	1,588	3,796	1,588	3,796	3,957,039	9,237,838	1,611,719,100	146,549,380	4,447	4,447
SUM:	1,696	4,046	1,780	4,240	4,635,106	11,008,346	1,794,047,200	150,223,540	4,741	4,987
Cameron										
Commercial	252	699	543	1,829	3,756,810	12,004,673	1,972,682,800	20,176,175	819	2,195
Manufactured Home	34	87	34	87	43,862	134,960	6,459,800	0	103	103
Residential	3,466	8,493	3,466	8,493	6,474,092	15,516,545	3,240,827,300	303,981,880	10,555	10,555
SUM:	3,752	9,279	4,043	10,409	10,274,764	27,656,178	5,219,969,900	324,158,055	11,477	12,853

Texas Windstorm Insurance Association
Quarterly Liability Report
As of September 30, 2025

Class of Business	Policies Written During Qtr	Policies Written YTD	Risks Written During Qtr	Risks Written YTD	Premium Written During Qtr	Premium Written YTD	Liability at End of Quarter Direct	Liability at End of Quarter Indirect	In-Force at End of Quarter Policies	In-Force at End of Quarter Risks
Chambers										
Commercial	53	107	72	162	411,519	1,118,368	111,879,000	2,807,325	123	199
Manufactured Home	35	104	35	104	61,656	186,564	10,141,300	0	138	138
Residential	2,946	7,132	2,946	7,132	8,097,913	18,833,523	4,151,772,000	606,856,620	8,456	8,456
SUM:	3,034	7,343	3,053	7,398	8,571,088	20,138,455	4,273,792,300	609,663,945	8,717	8,793
Galveston										
Commercial	716	1,769	1,310	3,432	10,339,308	29,437,025	3,503,386,900	79,867,490	2,097	4,194
Manufactured Home	94	261	94	261	170,535	479,342	22,488,300	0	315	315
Residential	26,771	69,820	26,771	69,820	74,859,605	189,829,904	38,322,763,100	4,780,938,440	83,570	83,570
SUM:	27,581	71,850	28,175	73,513	85,369,448	219,746,271	41,848,638,300	4,860,805,930	85,982	88,079
Harris										
Commercial	25	73	63	186	725,984	1,266,338	145,026,000	2,192,175	84	207
Manufactured Home	4	6	4	6	6,472	11,057	482,000	0	7	7
Residential	1,349	3,658	1,349	3,658	2,459,160	6,560,666	1,894,885,900	267,952,680	4,443	4,443
SUM:	1,378	3,737	1,416	3,850	3,191,616	7,838,061	2,040,393,900	270,144,855	4,534	4,657
Jefferson										
Commercial	346	743	704	1,391	3,852,156	8,879,457	958,439,000	19,959,414	849	1,622
Manufactured Home	31	117	31	117	56,415	211,824	9,134,100	0	124	124
Residential	11,864	29,024	11,864	29,024	27,986,023	65,102,251	11,573,166,700	1,584,493,400	33,801	33,801
SUM:	12,241	29,884	12,599	30,532	31,894,594	74,193,532	12,540,739,800	1,604,452,814	34,774	35,547

Texas Windstorm Insurance Association
Quarterly Liability Report
As of September 30, 2025

Class of Business	Policies Written During Qtr	Policies Written YTD	Risks Written During Qtr	Risks Written YTD	Premium Written During Qtr	Premium Written YTD	Liability at End of Quarter Direct	Liability at End of Quarter Indirect	In-Force at End of Quarter Policies	In-Force at End of Quarter Risks
Kenedy										
Commercial	1	3	1	3	1,178	4,757	901,500	0	3	3
Manufactured Home	0	0	0	0	0	0	0	0	0	0
Residential	18	37	18	37	36,805	63,173	8,823,100	110,000	35	35
SUM:	19	40	19	40	37,983	67,930	9,724,600	110,000	38	38
Kleberg										
Commercial	12	44	17	71	60,133	934,201	63,005,900	850,020	51	79
Manufactured Home	2	5	2	5	4,834	11,371	434,000	0	5	5
Residential	349	892	349	892	760,763	1,782,513	345,386,400	38,317,780	1,055	1,055
SUM:	363	941	368	968	825,730	2,728,085	408,826,300	39,167,800	1,111	1,139
Matagorda										
Commercial	68	153	97	338	583,490	1,670,652	172,478,200	6,571,440	181	369
Manufactured Home	19	62	19	62	41,406	136,109	5,948,500	0	70	70
Residential	1,816	4,740	1,816	4,740	4,199,613	10,578,837	2,004,515,900	221,768,060	5,594	5,594
SUM:	1,903	4,955	1,932	5,140	4,824,509	12,385,598	2,182,942,600	228,339,500	5,845	6,033
Nueces										
Commercial	702	1,880	1,320	3,842	7,794,261	24,672,133	3,492,768,300	69,319,300	2,250	4,834
Manufactured Home	35	73	35	73	67,633	148,154	6,425,800	0	86	86
Residential	15,423	40,706	15,423	40,706	36,557,339	92,453,792	18,275,861,800	2,121,157,700	48,084	48,084
SUM:	16,160	42,659	16,778	44,621	44,419,233	117,274,079	21,775,055,900	2,190,477,000	50,420	53,004

Texas Windstorm Insurance Association
Quarterly Liability Report
As of September 30, 2025

Class of Business	Policies Written During Qtr	Policies Written YTD	Risks Written During Qtr	Risks Written YTD	Premium Written During Qtr	Premium Written YTD	Liability at End of Quarter Direct	Liability at End of Quarter Indirect	In-Force at End of Quarter Policies	In-Force at End of Quarter Risks
Refugio										
Commercial	14	23	29	42	172,978	225,212	23,044,000	217,800	30	57
Manufactured Home	4	26	4	26	5,816	51,556	2,619,700	0	32	32
Residential	156	406	156	406	370,410	882,480	152,615,400	16,622,540	448	448
SUM:	174	455	189	474	549,204	1,159,248	178,279,100	16,840,340	510	537
San Patricio										
Commercial	99	256	145	480	684,602	2,234,761	237,235,800	5,676,770	292	591
Manufactured Home	24	83	24	83	39,001	165,238	7,462,300	0	89	89
Residential	3,242	7,901	3,242	7,901	8,097,772	18,247,450	3,510,526,700	455,749,740	9,187	9,187
SUM:	3,365	8,240	3,411	8,464	8,821,375	20,647,449	3,755,224,800	461,426,510	9,568	9,867
Willacy										
Commercial	11	25	15	49	81,700	241,184	27,083,000	129,900	30	68
Manufactured Home	4	11	4	11	6,722	16,367	660,200	0	10	10
Residential	142	319	142	319	409,394	830,068	135,722,700	9,484,660	370	370
SUM:	157	355	161	379	497,816	1,087,619	163,465,900	9,614,560	410	448
Total All Counties										
Commercial	2,839	7,055	5,359	14,367	33,537,025	96,254,409	12,156,429,000	245,298,719	8,279	17,322
Manufactured Home	579	1,612	579	1,612	1,024,574	3,043,665	137,769,000	0	1,834	1,834
Residential	90,996	230,117	90,996	230,117	231,693,760	564,627,920	113,043,223,600	14,315,870,680	273,220	273,220
SUM:	94,414	238,784	96,934	246,096	266,255,359	663,925,994	125,337,421,600	14,561,169,399	283,333	292,376

7B. Reserve Adequacy

MEMORANDUM

DATE: October 17, 2025

TO: David Durden
General Manager

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

RE: TWIA Reserve Adequacy as of September 30, 2025

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

As of September 30, 2025, TWIA carried $98.2 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 remained unchanged at $515 million. TWIA actuarial staff will continue to monitor the development of claims associated with this event and update the ultimate estimate as necessary going forward. The selected ultimate gross loss & expense estimate for Hurricane Harvey remains at $1.655 billion.

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

JM

7C. Status of Filings

MEMORANDUM

DATE: October 17, 2025

TO: David Durden
General Manager

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

RE: Status of Filings

The TWIA Board of Directors directed staff to make two filings at its August 5, 2025 meeting.

TWIA made its annual rate filing for no change in TWIA rates as directed by the Board. Because this filing was not for an increase, no specific approval from TDI was required.

TWIA also filed for changes to its maximum statutory limits as directed. The Commissioner issued an order approving changes to the maximum limits for manufactured homes and disapproving changes to all other limits. Following are the maximum statutory limits approved for 2026:

	Current 2025	Approved 2026	% Change
Dwellings and individually owned townhouses	$1,773,000	$1,773,000	0.0%
Manufactured Home	$116,700	$119,000	2.0%
Contents of an apartment, condominium, or townhouse	$374,000	$374,000	0.0%
Commercial structures and associated contents	$4,424,000	$4,424,000	0.0%

JM

7D. Review of Statutory Changes to Funding and Actuarial and Underwriting Committee Recommendations

There is no exhibit for this item.

7E. Establish a Method of Determining the Probable Maximum Loss for a Catastrophe Year with a Probability of 1 in 50

MEMORANDUM

DATE: October 23, 2025

TO: David Durden, General Manager

FROM: James Murphy, Chief Actuary | Vice President, Enterprise Analytics

RE: 2026 Funding – 50-Year Probable Maximum Loss and Reinsurance

As a result of the passage of HB 3689, the Association is now required by statute to maintain total available loss funding in an amount not less than the Association's probable maximum loss (PML) for a catastrophe year with a one-in-50-year probability. Additionally, the Commissioner of Insurance may now adopt a method or approve the Association's method of determining the PML by February 1 of each year. In support of this, and in order to allow the Commissioner of Insurance the opportunity to review the Association's method, the TWIA Actuarial & Underwriting Committee met on October 23, 2025 to develop its recommendations for a methodology to be used in determining the 50-year PML for the 2026 hurricane season, which are included below. The Committee Chair, Debbie King, will present the Committee's recommendations at the TWIA Board of Directors meeting on November 4, 2025. To further assist the Board in its determination of a methodology for calculating the PML, I have prepared a resolution template for the current hurricane season, a summary of the Board resolutions from the 2025 hurricane season, and additional reference information and exhibits. TWIA's catastrophe modeler, Aon, has prepared a presentation for the Board, also attached, and will be in attendance at the November 4, 2025 Board meeting to discuss and answer any questions from the Board.

Template for TWIA Board Resolutions for the 2026 Hurricane Season

1. The Board agrees to average the results from the catastrophe models presented as a reference point for making the Board's determination of the 50-year PML using the following weighting: ____ __% ____ __% ____ __% ____ __%.
2. The Board agrees that the model results based on [near] [long] term assumptions are preferable.
3. The Board agrees that the words, "total available loss funding" in statute contemplate [inclusion] [exclusion] of loss adjustment expenses in determining the probable maximum loss for the Association for a catastrophe year with a probability of one in one hundred.

4. Staff is authorized and directed to submit these resolutions and supporting information to the Texas Department of Insurance for any review or approval that may be required by the Commissioner of Insurance under law.

TWIA Actuarial & Underwriting Committee Resolutions for the 2026 Hurricane Season

The TWIA Actuarial & Underwriting Committee met on October 23, 2025 and recommended the methodology for determining the 50-year PML for the 2026 hurricane season be set by assigning 20% weight to each of the highest and lowest of the four catastrophe model results presented and 30% weight to each of the remaining two models, based on long-term frequency assumptions and including loss adjustment expenses at a rate of 15%.

TWIA Board Resolutions for the 2025 Hurricane Season

The TWIA Board of Directors set the 100-year PML for the 2025 hurricane season by assigning 50% weight to the IF model and 25% weight to each of the RMS and RQE models based on long-term frequency assumptions and including loss adjustment expenses.

Additional Reference Information

Sec. 2210.453 of the Texas Insurance Code now requires that TWIA maintain total funding in an amount not less than the probable maximum loss for the Association for a catastrophe year with a probability of one in 50. It further provides that the Insurance Commissioner may adopt a method or approve the Association's method of determining the probability of one in 50 for Association risks and specifies that any adopted or approved method must be provided to the Association on or before February 1 of each year.

The Texas Administrative Code rules that govern this process have not yet been updated to reflect the change in law, but do require the Association to determine its probable maximum loss for the year and disclose it to the Commissioner not later than April 1. The determination and information must be disclosed each year, regardless of whether the Association requests a reinsurance assessment.

Current rules describe the information that must be disclosed regarding the methodology used to determine the probable maximum loss. This information has been provided in the attached summary. The rule can be found in its entirety online at the following link: Rule §5.4160.

In 2019, the Texas Legislature enacted statutory changes that require the Association to assess its member insurers to pay for any reinsurance it purchases in excess of the Association's statutory minimum funding level. Member assessments to pay for this excess reinsurance are distinct from member assessments to pay losses and would not affect the Association's ability to assess member companies for excess losses incurred. This provision has not been changed.

Sec. 2210.453(f) of the Texas Insurance Code prohibits the Association from purchasing reinsurance from an insurer or broker involved in the execution of a catastrophe model on which the Association relies in determining the probable maximum loss applicable for the period covered by the reinsurance. TWIA's reinsurance broker, Gallagher Re, has not been involved in the execution of any of the catastrophe models to be relied on by the Board in determining the probable maximum loss.

JM

Exhibit 1 – Expected Timetable for 2026 Hurricane Season

Timing	**Action**
November 2025	TWIA to determine methodology for calculating the one-in-50 year probable maximum loss for the 2026 hurricane season and submit to the Texas Department of Insurance for review
On or before February 1, 2026	The Insurance Commissioner shall provide any adopted or approved method to the Association
At the Association's first regular Board meeting (February 2026)	The Association must determine its one-in-50-year probable maximum loss for the calendar year. The Association must provide the information described in §5.4160(d) and make that information available to its members and the public.
After the first regular Board meeting but not later than April 1, 2026	The Association must disclose to the Commissioner its one-in-50 year probable maximum loss for the calendar year and the Association's method for determining that probable maximum loss.
No later than the second regular Board meeting (May 2026)	If the Association elects to purchase coverage for reinsurance or alternative risk transfer mechanisms in excess of the one-in-50-year probable maximum loss, then the Association must also obtain a quote for coverage that provides funding equal to the one in 50-year probable maximum loss. The Association must provide each of the following to its board and make this information available to its members and the public: (1) the reinsurance or alternative risk transfer mechanism premium quote for coverage that provides funding equal to the one in 50- year probable maximum loss. (2) the total deposit premiums for all reinsurance or alternative risk transfer mechanism coverage for the year. If, at the time of the second regular board meeting of the calendar year, deposit premiums described above are not known, then the Association must provide its best estimate of those premiums to the board and make the estimate available to its members.
Following disclosure to the Commissioner of the one-in-50-year probable maximum loss	The department (TDI) will post the one-in-50-year probable maximum loss on its website.
As soon as the Association knows the deposit premiums (May-June 2026)	As soon as the Association knows the deposit premiums described in subsection (g) of this section, the Association must provide them to the board and make them available to its members.

Within a reasonable time after it knows its total reinsurance costs	If the Association must assess its members under Insurance Code §2210.453(d)(1) then the Association must request the Commissioner's approval within a reasonable time after it knows its total reinsurance costs for that calendar year.
By the later of either: (A) 120 days after the date the Association receives the member premium data that TDI provides under §5.4162(f) for 2026; or (B) December 1	The Association must issue the assessment.
Within 30 days of receipt of notice of assessment	Each member must remit to the Association payment in full of its assessed amount of any assessment levied by the Association within 30 days of receipt of notice of assessment.

Exhibit 2

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

(a) The association may purchase reinsurance or use alternative risk financing mechanisms or both as necessary.

(b) The association shall maintain total available loss funding in an amount not less than the probable maximum loss for the association for a catastrophe year with a probability of one in 50. If necessary, the required funding level shall be achieved through the purchase of reinsurance or the use of alternative financing mechanisms, or both, to operate in addition to or in concert with the trust fund, public securities, financial instruments, financing arrangements, and assessments authorized by this chapter.

(c) The attachment point for reinsurance purchased under this section may not be less than the aggregate amount of all funding available to the association under Subchapters B-1 and B-2.

(d) The cost of the reinsurance purchased or alternative financing mechanisms used under this section in excess of the minimum funding level required by Subsection (b) shall be paid by assessments as provided by this subsection. The association, with the approval of the commissioner, shall notify each member of the association of the amount of the member's assessment under this subsection. The proportion of the cost to each insurer under this subsection shall be determined in the manner used to determine each insurer's participation in the association for the year under Section 2210.052.

(d-1) The commissioner may adopt a method or approve the association's method of determining the probability of one in 50 for association risks. The commissioner shall provide any adopted or approved method to the association on or before February 1 of each year.

(e) A member of the association may not recoup an assessment paid under Subsection (d) through a premium surcharge or tax credit.

(f) 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.

Exhibit 3

Information Required to be Disclosed to the Commissioner pursuant to §5.4160(d)

In disclosing its method for determining its probable maximum loss, the association must include:

(1) the hurricane model or models it relied on, including the model vendors, the model names, and the versions of each model;

(2) the in-force date and the total amount of direct exposures in force for the policy data used as the input for each hurricane model the association relied on;

(3) all user-selected hurricane model input assumptions used with each hurricane model the association relied on;

(4) the probable maximum loss model output produced by each hurricane model the association relied on;

(5) if the association relied on more than one hurricane model, the methodology the association used to blend or average the hurricane model outputs, including all weighting factors used; and

(6) any adjustments the association or another party made to the probable maximum loss model outputs or the blended or averaged output, including any adjustments to include loss adjustment expenses.

Texas Windstorm Insurance Association

Actuarial & Underwriting Committee Meeting

Method of Determining the 2026 Catastrophe Year Probable Maximum Loss for the Association with a Probability of 1 in 50

October 23rd, 2025

Catastrophe Modeling based on November 30, 2024 data

Agenda

1

TWIA Modeled Loss Detail & Exposure Change

Limit Change

Year-Over-Year Portfolio Summary

Portfolio Summary

County	8/31/2025	11/30/2024	% Change
	Limit	Limit	Limit
Jefferson	13,965,356,344	12,550,729,574	11.3%
Chambers	4,797,811,595	4,124,312,135	16.3%
Harris	2,232,036,415	2,208,057,000	1.1%
Galveston	46,142,774,490	42,222,475,935	9.3%
Brazoria	27,795,490,225	24,147,129,710	15.1%
Matagorda	2,383,138,955	2,166,297,290	10.0%
Calhoun	1,932,847,700	1,778,781,810	8.7%
Refugio	191,549,120	167,463,120	14.4%
Aransas	4,706,453,250	4,333,026,790	8.6%
San Patricio	4,188,287,430	3,806,051,240	10.0%
Nueces	23,668,689,970	22,064,453,945	7.3%
Kleberg	447,497,880	409,135,020	9.4%
Kenedy	9,834,600	8,840,800	11.2%
Willacy	171,996,130	159,218,610	8.0%
Cameron	5,325,525,270	5,147,825,790	3.5%
Total	**137,959,289,374**	**125,293,798,769**	**10.1%**

Portfolio changes vary by line

Line of Business % Growth Detail

County	Limit % Change			
	Commercial	Mobile Home	Residential	Total
Jefferson	-7.4%	18.9%	12.9%	11.3%
Chambers	-6.9%	25.6%	17.0%	16.3%
Harris	-59.0%	13.4%	7.6%	1.1%
Galveston	-5.3%	12.3%	10.7%	9.3%
Brazoria	-8.5%	18.0%	16.0%	15.1%
Matagorda	7.2%	12.0%	10.2%	10.0%
Calhoun	-4.4%	25.3%	10.2%	8.7%
Refugio	4.4%	5.7%	16.1%	14.4%
Aransas	-8.2%	28.7%	11.3%	8.6%
San Patricio	0.2%	35.9%	10.8%	10.0%
Nueces	-10.0%	16.3%	11.0%	7.3%
Kleberg	0.1%	19.1%	11.3%	9.4%
Kenedy	N/A	N/A	2.2%	11.2%
Willacy	-2.4%	-16.7%	10.3%	8.0%
Cameron	-4.2%	13.6%	7.9%	3.5%
Total	**-7.6%**	**19.2%**	**12.2%**	**10.1%**

TWIA's portfolio has grown 10.1% over term

- Portfolio remains driven by Residential exposure change **(+12.2%)** and modest decrease in Commercial exposure change **(-7.6%)**
- Mobile Home exposure seeing significant increases **(+19.2%)** but remains a small contributor overall
- **Galveston**, **Brazoria** and **Nueces** counties continue to account for majority of exposure **(70.7%)**
- Limits provided by risk from TWIA, not reflective of full replacement cost when values exceed limits

Hurricane Alternate Landfall Rate Approaches by Model

All models provide an alternate view of hurricane landfall rates. Each reflects a different perspective relative to the Long-Term historical average

Models	Verisk, Cotality	Moody’s RMS	Impact Forecasting
Name	Warm Sea Surface Temperature (Verisk) or Near-Term Rates (Cotality)	Medium-Term Rates	Adjusted-Rate View
Perspective	Historical landfall rates in warm sea surface temperature years	5-year forward-looking view of landfall rates	Adjusts baseline event set to account for climate trends to present day
Based on	Target modeled landfall rates based on a subset of historical years in which sea surface temperature is warmer than average. “Warm years” vary by model.	Ensemble approach based on 13 statistical rate forecasting models reflecting different theories on drivers of hurricane activity	Based on research from Columbia University that considers the impact of hurricane landfall rates for the blended SSP2-4.5 and SSP3-7.0 climate perspectives
Loss Impact	Increase	Increase or Decrease	Increase
Strengths	Stable view of risk Rate adjustment is simple and transparent	Reflects current climate conditions and trends, accounting for potential changes in climate patterns	Accounts for physical and socio-economic drivers of climate observations
Considerations	Limited to historical data and past climatology; Does not consider changes in climate patterns	Methodology is complex and impact on loss due to rate change can be volatile	Reflects a neutral to conservative view towards any change in socioeconomic shifts towards sustainability

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Model & Exposure Change Comparison – All Perils

Combined Hurricane (Long-Term) & Severe Conv. Storm AEP Gross Losses (excl. LAE)

Original Data In Force as of 11/30/2024 & Exposure Adjustment as of 8/31/2025

		AEP - All Perils (Long-Term/Standard)											
		Updated Model Version - 8/31/2025				Updated Model Version - 11/30/2024				Original Model Version - 11/30/2024			
Exceedence Probability	**Return Period**	**Verisk v13**	**RMS v25**	**IF v18**	**RQE v25**	**Verisk v13**	**RMS v25**	**IF v18**	**RQE v25**	**Verisk v12**	**RMS v23**	**IF v18**	**RQE v23**
0.01%	10000 yr	29,746.2	38,250.0	34,735.3	22,750.8	27,160.0	33,617.5	31,110.6	20,376.7	27,151.7	37,187.1	31,110.6	22,699.7
0.02%	5000 yr	29,686.0	31,327.7	28,028.2	20,045.2	27,141.1	28,809.0	25,699.8	18,380.0	26,393.5	31,271.8	25,699.8	20,514.6
0.10%	1000 yr	21,985.2	20,769.4	15,708.9	14,251.0	20,138.0	18,404.8	14,150.9	12,837.6	20,000.4	20,113.0	14,150.9	14,524.5
0.20%	500 yr	17,886.3	15,139.8	12,334.2	11,379.0	16,376.2	13,768.9	11,255.0	10,383.3	16,393.6	15,191.6	11,255.0	11,703.6
0.40%	250 yr	12,217.5	10,471.0	9,087.0	8,752.4	11,348.6	9,668.5	8,415.5	8,105.7	11,485.7	10,501.1	8,415.5	8,886.5
0.50%	200 yr	11,559.0	9,277.1	7,980.4	7,877.8	10,602.7	8,641.0	7,376.3	7,281.5	10,592.3	9,284.5	7,376.3	7,997.0
1.00%	100 yr	7,787.0	6,274.0	5,346.2	5,424.5	7,209.5	5,839.4	4,962.8	5,035.4	7,175.7	6,193.0	4,962.8	5,540.5
2.00%	**50 yr**	**4,665.9**	**3,874.7**	**3,346.6**	**3,284.1**	**4,288.3**	**3,575.4**	**3,081.9**	**3,024.4**	**4,252.8**	**3,740.9**	**3,081.9**	**3,248.2**
4.00%	25 yr	2,421.8	2,196.3	1,835.0	1,806.4	2,260.3	2,013.3	1,697.2	1,670.8	2,232.2	2,078.3	1,697.2	1,734.4
5.00%	20 yr	1,981.9	1,776.5	1,451.1	1,430.7	1,847.6	1,625.1	1,340.0	1,321.1	1,806.8	1,673.3	1,340.0	1,368.6
	Annual avg	**464.7**	**373.0**	**318.9**	**296.7**	**429.6**	**344.8**	**294.8**	**274.4**	**387.0**	**361.0**	**294.8**	**294.8**
	Std dev	**1,630.5**	**1,504.9**	**1,261.0**	**1,125.8**	**1,501.9**	**1,376.7**	**1,157.5**	**1,033.4**	**1,497.5**	**1,484.8**	**1,157.5**	**1,139.4**

US $ in Millions

Including Demand Surge, Excluding Storm Surge

Modeling Summary Guidance

- **Updated Model Version – 8/31/2025** features 11/30/2024 losses scale-adjusted by line of business (Residential and Commercial) PMLs in updated versions using following exposure adjustments:
  - Residential **(+12.2%)**
  - Commercial **(-7.6%)**
- Combined change including model version and exposure scaling yields average 50 yr. AEP PML of $3.8B, or an average increase of 5.7% and representing a range from low to high model of 1.4x
- Modeling for final selection of 50 yr. AEP PML will be based on 11/30/2025 in force exposures

Model & Exposure Change Comparison – All Perils

Combined Hurricane (Near-Term) & Severe Conv. Storm AEP Gross Losses (excl. LAE)

Original Data In Force as of 11/30/2024 & Exposure Adjustment as of 8/31/2025

		AEP - All Perils (Near-Term/WarmSST)											
		Updated Model Version - 8/31/2025				Updated Model Version - 11/30/2024				Original Model Version - 11/30/2024			
Exceedence Probability	Return Period	Verisk v13	RMS v25	IF v18	RQE v25	Verisk v13	RMS v25	IF v18	RQE v25	Verisk v12	RMS v23	IF v18	RQE v23
0.01%	10000 yr	29,746.2	36,610.6	34,180.2	19,706.1	27,160.0	34,365.3	31,640.1	18,241.7	27,168.8	37,336.7	31,640.1	20,823.9
0.02%	5000 yr	29,686.0	32,396.7	29,012.0	18,061.9	27,141.1	29,423.3	26,436.8	16,458.7	27,083.4	31,570.1	26,436.8	18,767.0
0.10%	1000 yr	22,256.0	20,487.1	15,677.4	14,573.2	20,525.1	19,089.3	14,532.5	13,509.0	20,000.4	20,542.2	14,532.5	15,442.2
0.20%	500 yr	18,464.1	15,388.0	12,608.7	11,777.9	16,928.0	14,475.1	11,708.2	10,936.7	16,705.7	15,615.7	11,708.2	12,470.8
0.40%	250 yr	13,128.3	10,972.1	9,385.0	9,300.3	12,109.8	10,219.1	8,698.7	8,620.2	12,079.3	10,862.8	8,698.7	9,579.6
0.50%	200 yr	11,916.0	9,820.2	8,383.9	8,489.8	10,939.5	9,136.7	7,748.3	7,846.1	10,775.7	9,599.3	7,748.3	8,676.2
1.00%	100 yr	8,552.6	6,661.7	5,716.2	5,894.8	7,873.3	6,257.4	5,315.2	5,481.3	7,832.1	6,433.8	5,315.2	6,042.6
2.00%	**50 yr**	**4,915.7**	**4,199.0**	**3,538.1**	**3,564.5**	**4,549.0**	**3,886.6**	**3,274.5**	**3,299.0**	**4,515.9**	**3,917.6**	**3,274.5**	**3,615.7**
4.00%	25 yr	2,637.8	2,395.9	1,975.3	1,976.4	2,477.6	2,224.0	1,844.4	1,845.4	2,436.0	2,195.8	1,844.4	1,935.1
5.00%	20 yr	2,148.7	1,960.3	1,586.1	1,593.6	2,005.6	1,810.5	1,472.7	1,479.6	1,973.3	1,778.7	1,472.7	1,547.5
	Annual avg	**491.1**	**407.0**	**339.4**	**324.3**	**454.0**	**380.4**	**315.5**	**301.4**	**411.4**	**383.7**	**315.5**	**328.4**
	Std dev	**1,690.6**	**1,547.6**	**1,298.8**	**1,184.2**	**1,557.1**	**1,448.2**	**1,205.7**	**1,099.4**	**1,552.3**	**1,525.2**	**1,205.7**	**1,226.2**

US $ in Millions

Including Demand Surge, Excluding Storm Surge

Modeling Summary Guidance

- **Updated Model Version – 8/31/2025** features 11/30/2024 losses scale-adjusted by line of business (Residential and Commercial) PMLs in updated versions using following exposure adjustments:
  - Residential **(+12.2%)**
  - Commercial **(-7.6%)**
- Combined change including Model Version and Exposure Scaling yields average 50 yr. AEP PML of $4.05B, or an average increase of 5.7% and representing a range from low to high model of 1.39x
- Near-Term 50 yr. AEP PML is an average of 6.9% greater than Long-Term

2 Defining the PML Weighting Selection

Model Choice
Who are the Modeling Firms?

Model Vendor	Model Vendor Ownership
RMS	Moody's Analytics
AIR	Verisk
cotality	Stone Point Capital
Impact Forecasting Powered by Aon	AON

What's relevant to TWIA?

- Reinsurer and Capital Markets uptake favors Moody's and Verisk
- Regular hurricane model updates to maintain compliance with FCHLPM standards + some vendors are considering more meaningful enhancements
- Return period adjustment from 100 yr to 50 yr lends greater importance to SCS models – ex. spring 2024 Houston events

PML Statutory Selection

Data In Force as of 11/30/2024 (no exposure growth contemplated)

All Perils (Near-Term/Warm Sea Surface		
Model	**Weight**	**100yr PML - AEP**
Verisk v13	0%	7,873.3
RMS v25	25%	6,257.4
IF v18	50%	5,315.2
RQE v25	25%	5,481.3
Blend	**100%**	**5,592.3**
Blend w/ LAE	**100%**	**6,431.1**

All Perils (Long-Term/Standard)		
Model	**Weight**	**100yr PML - AEP**
Verisk v13	0%	7,209.5
RMS v25	25%	5,839.4
IF v18	50%	4,962.8
RQE v25	25%	5,035.4
Blend	**100%**	**5,200.1**
Blend w/ LAE	**100%**	**5,980.1**

All Perils (Near-Term/Warm Sea Surface		
Model	**Weight**	**50yr PML - AEP**
Verisk v13	0%	4,549.0
RMS v25	25%	3,886.6
IF v18	50%	3,274.5
RQE v25	25%	3,299.0
Blend	**100%**	**3,433.7**
Blend w/ LAE	**100%**	**3,948.7**

All Perils (Long-Term/Standard)		
Model	**Weight**	**50yr PML - AEP**
Verisk v13	0%	4,288.3
RMS v25	25%	3,575.4
IF v18	50%	3,081.9
RQE v25	25%	3,024.4
Blend	**100%**	**3,190.9**
Blend w/ LAE	**100%**	**3,669.5**

US $ in Millions

15% LAE utilized for all blend options

Including Demand Surge, Excluding Storm Surge

Current board selected weighting

Prior Blending Methods

- Treaty Year **2021**
  - 50% RMS
  - 50% Verisk
- Treaty Year **2022**
  - 25% RMS
  - 25% Verisk
  - 25% Cotality
  - 25% Impact Forecasting
- Treaty Year **2023**
  - 100% RMS
- Treaty Year **2024**
  - 75% RMS
  - 25% Verisk
- All blending methods utilized AEP Long-Term with 15% LAE

Blending Considerations

- Florida Hurricane Cat Fund employs a weighted approach for their blend of models, less weight to the highest and lowest models and more weight to the middle models
  - For example, 15% / 35% / 35% / 15%
- Giving equal weight to all available catastrophe models lends balance to each model's strengths and weaknesses
  - 50 yr AEP Long-Term Blend with LAE: $4,016.3m

Managing Tail Risk Tolerance

What is TVaR and how can it inform your coverage decisions?

Tail Value at Risk (TVaR) – Data In Force as of 11/30/2024 (no exposure growth contemplated

AEP - All Perils (Near-Term/Warm Sea Surface Temperature)

2025 Probability		Verisk Touchstone v13			RMS RiskLink v25			Impact Forecasting v18			Cotality RQE v25		
of Exceedence	Return Period	TVaR	VaR	TVaR Ratio	TVaR	VaR	TVaR Ratio	TVaR	VaR	TVaR Ratio	TVaR	VaR	TVaR Ratio
0.01%	10000 yr	27,160.0	27,160.0	1.00	41,506.9	34,365.3	1.21	40,055.7	31,640.1	1.27	23,008.3	20,823.9	1.10
0.02%	5000 yr	27,150.5	27,141.1	1.00	36,498.5	29,423.3	1.24	34,354.3	26,436.8	1.30	21,428.7	18,767.0	1.14
0.10%	1000 yr	23,023.1	20,525.1	1.12	25,708.3	19,089.3	1.35	21,718.8	14,532.5	1.49	16,778.2	13,509.0	1.24
0.20%	500 yr	20,613.5	16,928.0	1.22	21,117.1	14,475.1	1.46	17,387.5	11,708.2	1.49	14,412.3	10,936.7	1.32
0.40%	250 yr	17,527.2	12,109.8	1.45	16,562.8	10,219.1	1.62	13,685.9	8,698.7	1.57	12,020.4	8,620.2	1.39
0.50%	200 yr	16,283.8	10,939.5	1.49	15,179.8	9,136.7	1.66	12,589.8	7,748.3	1.62	11,260.2	7,846.1	1.44
1.00%	100 yr	12,793.9	7,873.3	1.62	11,336.5	6,257.4	1.81	9,467.7	5,315.2	1.78	8,874.0	5,481.3	1.62
2.00%	**50 yr**	**9,368.4**	**4,549.0**	**2.06**	**8,108.6**	**3,886.6**	**2.09**	**6,764.8**	**3,274.5**	**2.07**	**6,554.0**	**3,299.0**	**1.99**
4.00%	25 yr	6,347.6	2,477.6	2.56	5,507.5	2,224.0	2.48	4,604.6	1,844.4	2.50	4,495.6	1,845.4	2.44
5.00%	20 yr	5,521.1	2,005.6	2.75	4,807.0	1,810.5	2.66	4,012.8	1,472.7	2.72	3,926.7	1,479.6	2.65
	Annual avg	**454.0**	**454.0**	**0.0**	**380.4**	**380.4**	**0.0**	**315.5**	**315.5**	**0.0**	**301.4**	**301.4**	**0.0**
	Std dev	**1,557.1**	**1,557.1**	**0.0**	**1,448.2**	**1,448.2**	**0.0**	**1,205.7**	**1,205.7**	**0.0**	**1,099.4**	**1,099.4**	**0.0**

US $ in Millions

Including Demand Surge, Excluding Storm Surge

TVaR captures the size or severity of loss events once they reach the 50-year threshold.

- Average value of loss given that a loss at least as large as the selected EP return period loss has occurred
- Measures not only the probability of exceeding a certain loss level, but also the average severity of losses in the tail of the distribution
- Example: Verisk 50 yr return period loss equals $4,549.0m
  - TVaR is $9,368.4m (TVaR will always be greater or equal to return period loss)
- Interpretation
  - PML: There is a 2% annual probability of a loss exceeding $4.549.0m
  - TVaR: Given that at least a $4.549.0m loss occurs, the average severity will be $9,368.4m

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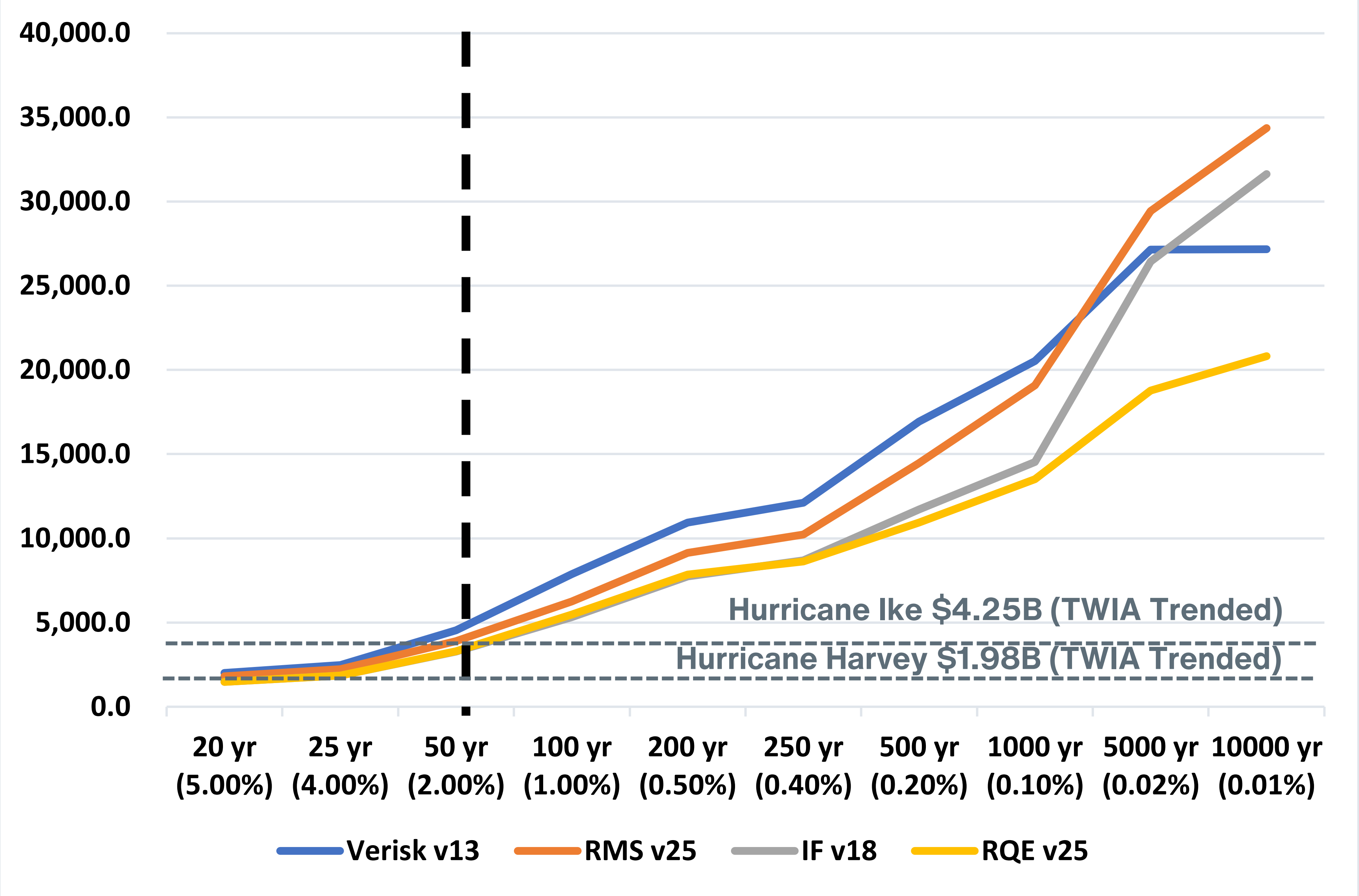
Historical Perspective

Data In Force as of 11/30/2024 (no exposure growth contemplated)

Variability in both loss magnitude and share indicated a need for more insightful view of historical experience and catastrophe models

TWIA Modeled OEP Losses

Hurricane Only, Near-Term/Warm Sea Surface Temperature



Trended TWIA losses indicate that the **cat program could be significantly to completely impacted** if events like Harvey and Ike were to occur again

Hurricane Ike

$4.249B TWIA Trended Incurred (excl. 15% ALE)

$1.643B Verisk v13 Recast

$1.133B RMS v25 Recast

$19.434B Trended PCS Industry Loss

22% Estimated TWIA Share of Market Loss

Hurricane Harvey

$1.977B TWIA Trended Incurred (excl. 15% ALE)

$2.468B Verisk v13 Recast

$1.511B RMS v25 Recast

$24.005B Trended PCS Industry Loss

8% Estimated TWIA Share of Market Loss

- **Recast modeled loss shows high degree of model variability and extreme event potential** if a storm similar to the 1900 Galveston hurricane were to occur again
- **TWIA market share of total PCS event loss carries significant variation**, indicating potential for outsized impact on the program

What if the 1900 Galveston Hurricane Occurred Again?

$9,865B Verisk v13 Recast

$6,567B RMS v25 Recast

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Note: PCS losses are trended using CAS Collins & Lowe methodology through January 2025. PCS industry losses are based on Texas only and exclude auto loss. Trended TWIA losses excluded LAE calculated using markets share from original PCS events.

Model Performance/Model Miss

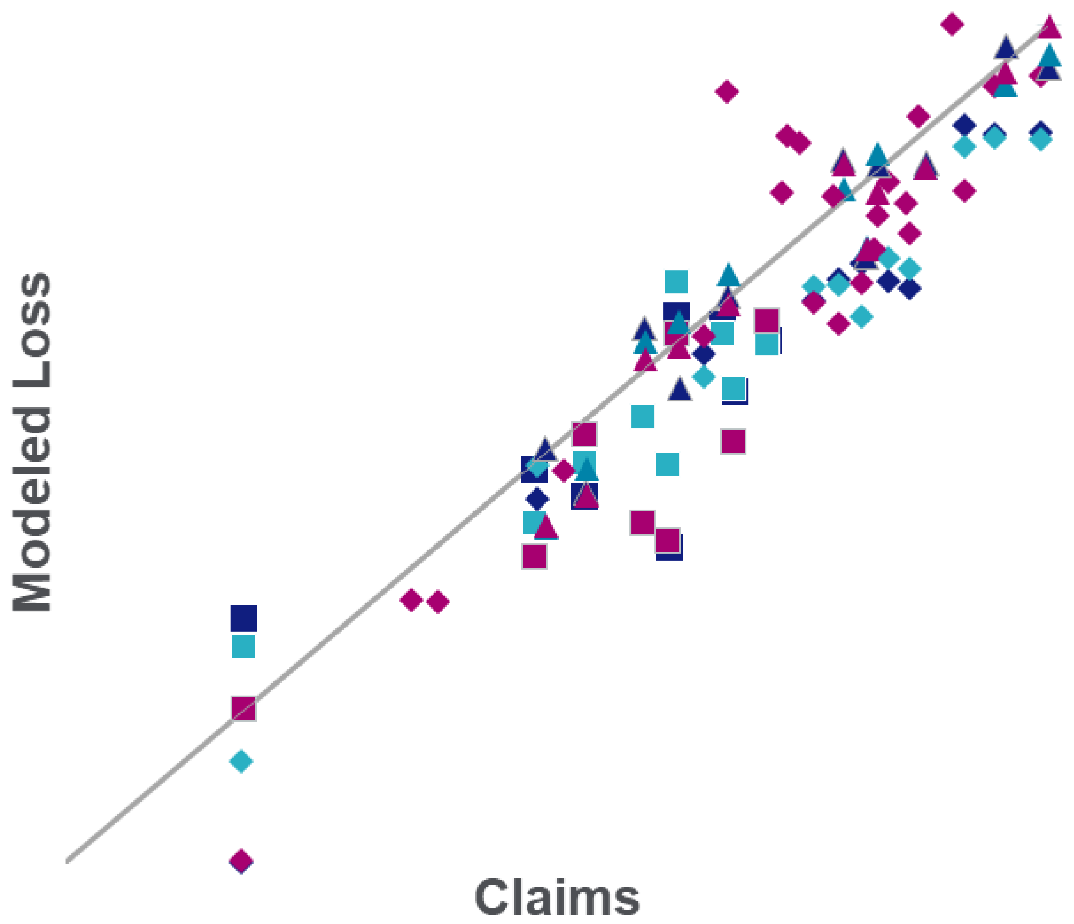
2024 Hurricane Model Performance Study

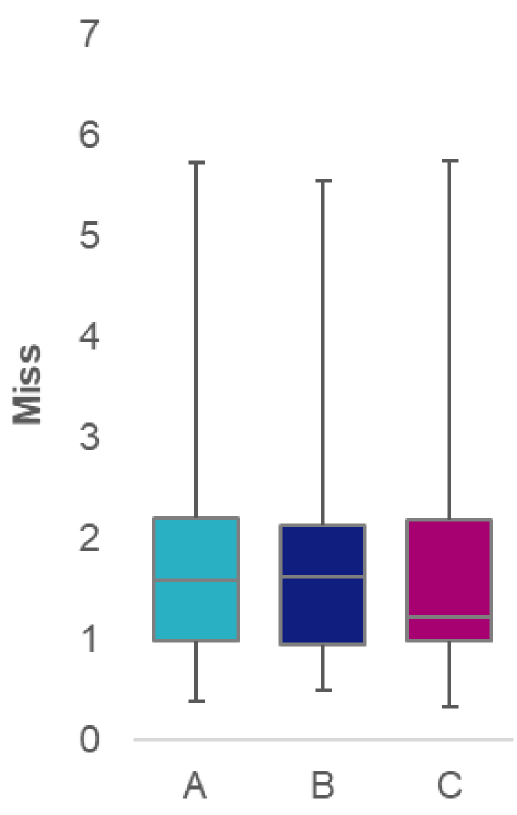
Overview

Models underestimated losses by **1.4x** on average across 3 model blend for Hurricanes from 2017 – 2022. This shows a general improvement for some models when compared to 2004 – 2022.

Non-modeled factors can include: Loss Adjustment Expenses, Insurance to value (ITV), Non-modeled perils & coverages, Coverage leakage, Hazard footprint discrepancies.

All US Landfalling Hurricanes from 2017 - 2022





		Model			
Peer Group		**A**	**B**	**C**	**Blend**
National Lines	Δ	1.1	1.2	1.1	1.2
Commercial E&S	☐	1.6	1.5	2.0	1.7
Global	◊	2.2	2.4	1.7	2.0
Regionals	◯	1.2	1.2	0.9	1.1
Industry Total		**1.4**	**1.5**	**1.2**	**1.4**

What is our Model Performance Study?

Model performance investigations help illustrate how and to what extent **models are not fully predictive**

Model performance estimates the **difference between actual observed loss and modeled loss (actual / modeled)** due in part to non-modeled factors and model uncertainty.

Aon conducts these studies for clients to determine **factors** that protect clients from insufficient reinsurance coverage due to **model uncertainty**

All US Landfalling Hurricanes from 2004 - 2022

		Model			
Peer Group		**A**	**B**	**C**	**Blend**
National Lines	Δ	1.6	1.3	1.3	1.4
Commercial E&S	☐	1.5	1.3	1.3	1.4
Global	◊	2.1	2.3	1.6	1.9
Regionals	◯	1.2	1.2	0.9	1.1
Industry Total		**1.6**	**1.5**	**1.3**	**1.4**

Moody’s RMS v25 North Atlantic Hurricane Models

Scope of Model Update

Key Updates

- **Release**: Spring 2025
- **Key Model Updates**
  - Long-Term and Medium-Term Rates
  - Minor vulnerability changes are expected; client loss change will likely follow industry guidance
  - Changed mapping of ISO FIRE 3 (Non-Combustible) will reduce losses for portfolios with this exposure type
- **Expected Loss Guidance**
  - All U.S. Long-Term Rates: AAL change of -2% to +2%
  - All U.S. Medium-Term Rates: AAL change of +2% to +10%

Geocoding

- Updated postal code data to December 2023 vintage (from March 2022)
- Updated high-resolution geocoding

Hazard

All U.S.

- Updated Long-Term Rates (addition of the 2021-2022 seasons, plus reanalysis for 1966-1970)
- Updated Medium-Term Rates to cover 2025-2029 period
- Re-aggregation of ZIP Code-level and county-level wind hazard

Vulnerability & PLA

- Incorporation of $6 billion in new claims from recent events for validation, up to and including Idalia (2023)
- Mappings for ISO FIRE 3 (Non-combustible) have been updated from RMS 4B (light metal) to RMS 2 (Masonry), motivated by further evaluation of common exposure coding practices after Version 23
- Minor updates to Post-Event Loss Amplification (PLA) to reflect PLA factors for the five new historical reconstructions

Moody’s RMS released an update to the North Atlantic Hurricane Model in Spring 2025. The update is limited in scope and impact compared to the previous model update, and TWIA model change follows RMS guidance

Verisk v13.0 U.S Severe Convective Storm Model

Scope of Update

Key Updates

- **Release**: June 2025
- **Key Model Updates**
  - All sub-perils updated to reflect new observational data through 2023
- **Catalog Updates**
  - Baseline Events:
    - Comparable to “Cat Only” event set from earlier versions, includes significant losses that meet state and/or US loss criteria
  - Expanded Events:
    - Comparable to “All Events” set from earlier versions, includes Baseline events + additional events that do not exceed loss criteria but do meet meteorological criteria

Hazard

Hail

- Improved physical representation of hail events, including improvements to hail swath placement in areas of sharp elevation transitions.
- Increased frequency across most hail-prone regions (decreases in West, Mid-Atlantic, Northeast)

Tornado

- Updated frequencies move tornado activity eastward

Wind

- Lower intensity events of recent years are causing frequency decreases and slight AAL decreases across most regions

Vulnerability

All Sub-Perils

- Updated building damage functions, including updates to unknowns
- Updated select secondary modifiers

Hail

- Secondary Modifiers: Updates to roof covering and roof year built
  - Enhancements to roof aging based on recent research, including roof covering-specific aging and deterioration impacts
  - Updates to the hail performance of hurricane wind-rated roof covering feature, resulting in smoother hail loss cost across states

Wind and tornado

- Updated manufactured homes damage functions for commercial risks
- Secondary Modifiers: 10-year roof aging bins updated - current as of 2025

Verisk released an update to it’s SCS modeling in June, 2025 with the update focused on hazard and vulnerability components, and TWIA model change aligns with expectation

Cotality (CoreLogic) RQE v25 North Atlantic Hurricane Model

Scope of Model Update

Key Updates

- **Release**: July 2025
- **Key Model Updates**
  - Storm landfall characteristics are updated to align with HURDAT 2 data through 2023
  - Relatively modest vulnerability changes—roof age and Florida building code updates

Hazard

- The stochastic hurricane database is updated to align with NHC HURDAT 2 through 2023 season
  - Landfall frequency by location and intensity are modified in RQE 25 based on HURDAT 2 data. Storm speed, direction, radius of maximum winds (RMAX), wind field shape, and inland filling are also modified. Total U.S.-wide landfall frequency changes by less than 0.1%
  - All-hurricane landfall frequencies increase by 1.9% in Florida and by 3.6% in South Carolina, while decreasing by between 0.9% and 2.0% in all other states including Texas
- Five events from 2024 (Beryl, Debby, Francine, Helene, and Milton) have been added to the historical event set, but they are not used in historical event frequency calculations

Vulnerability

- Roof Age and Condition Defaults have been updated reflect that roofs age as buildings age and their performance decreases over time
- Vulnerability has been adjusted to account for building code updates over the past two years

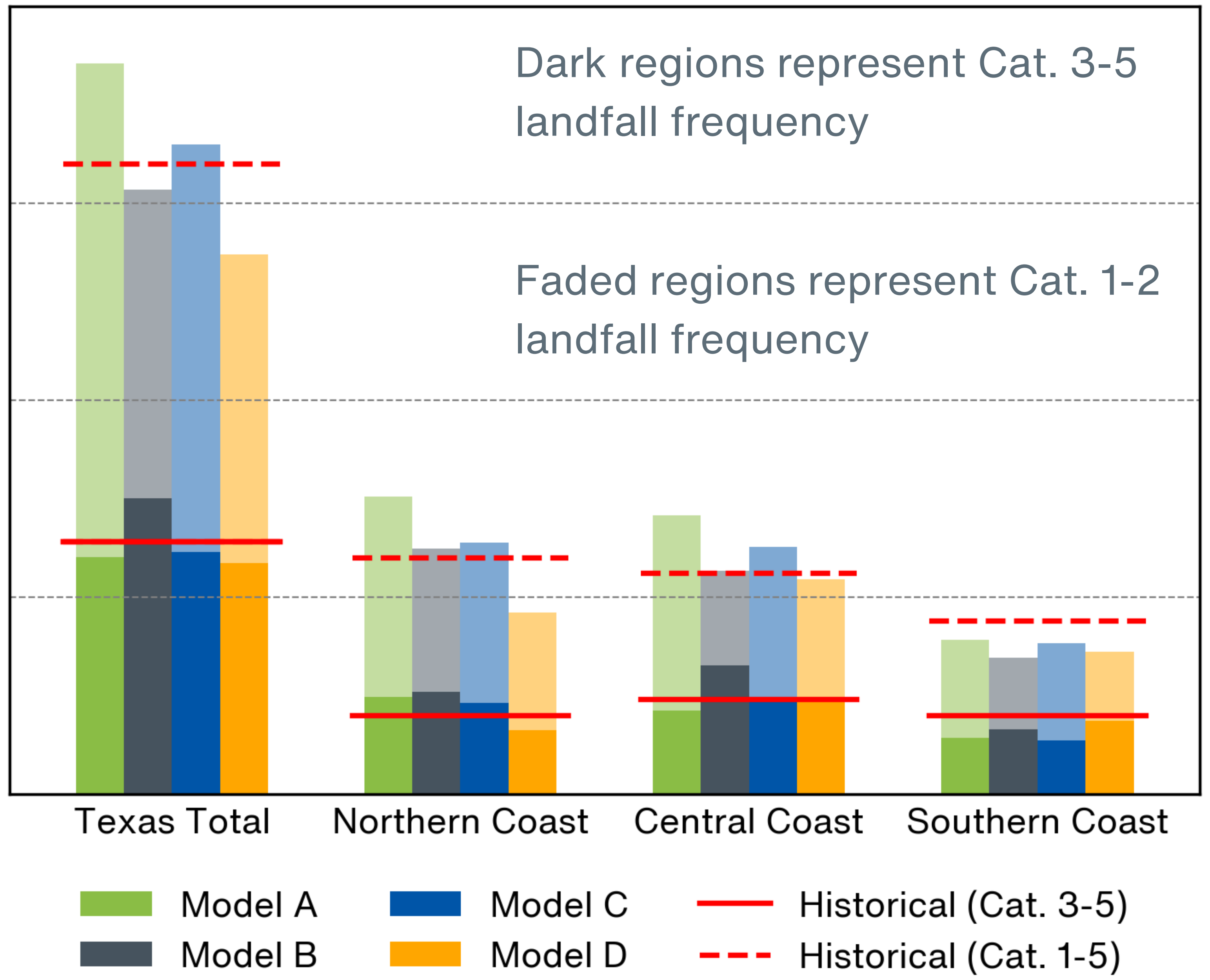
Changes to the North Atlantic Hurricane Model in RQE v25 are modest and driven by HURDAT-based changes to hurricane landfall frequencies, and TWIA model change aligns with expectations

Appendix A Hurricane Model Comparison

Texas Statewide & Regional Landfall Rates

All four models have higher landfall rates on the northern and central coast compared to the southern coast, but regional and statewide rates differ substantially

Texas Near-Term Landfall Rate
Per 100 Years by Region and Model



Note: Model vendors calibrate rates regionally and include varying degrees of "extension" into Mexico in order to capture the losses from events that do not make a direct landfall on Texas but still have an impact to losses. Modeled and historical rates shown here are only for direct landfalls on Texas.

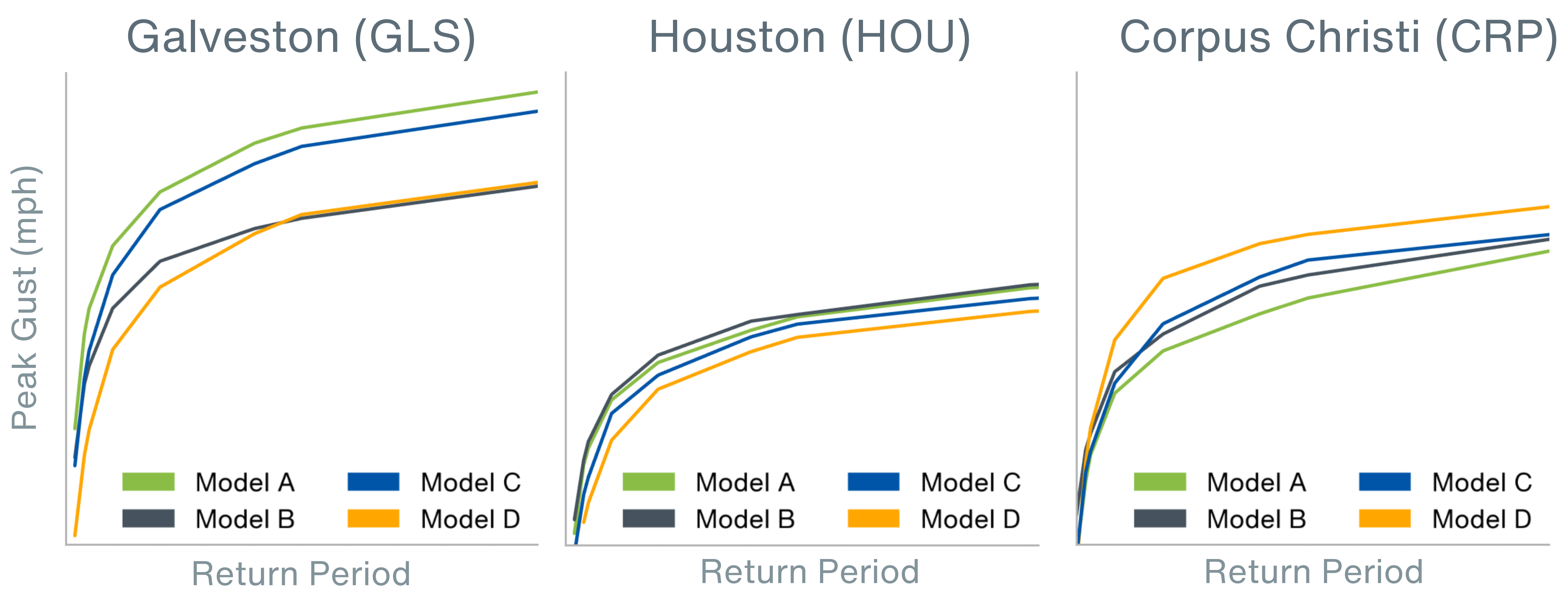
Texas Historical Landfalls 1900-2024

Landfall data from HURDAT2 (August 2025 Vintage)

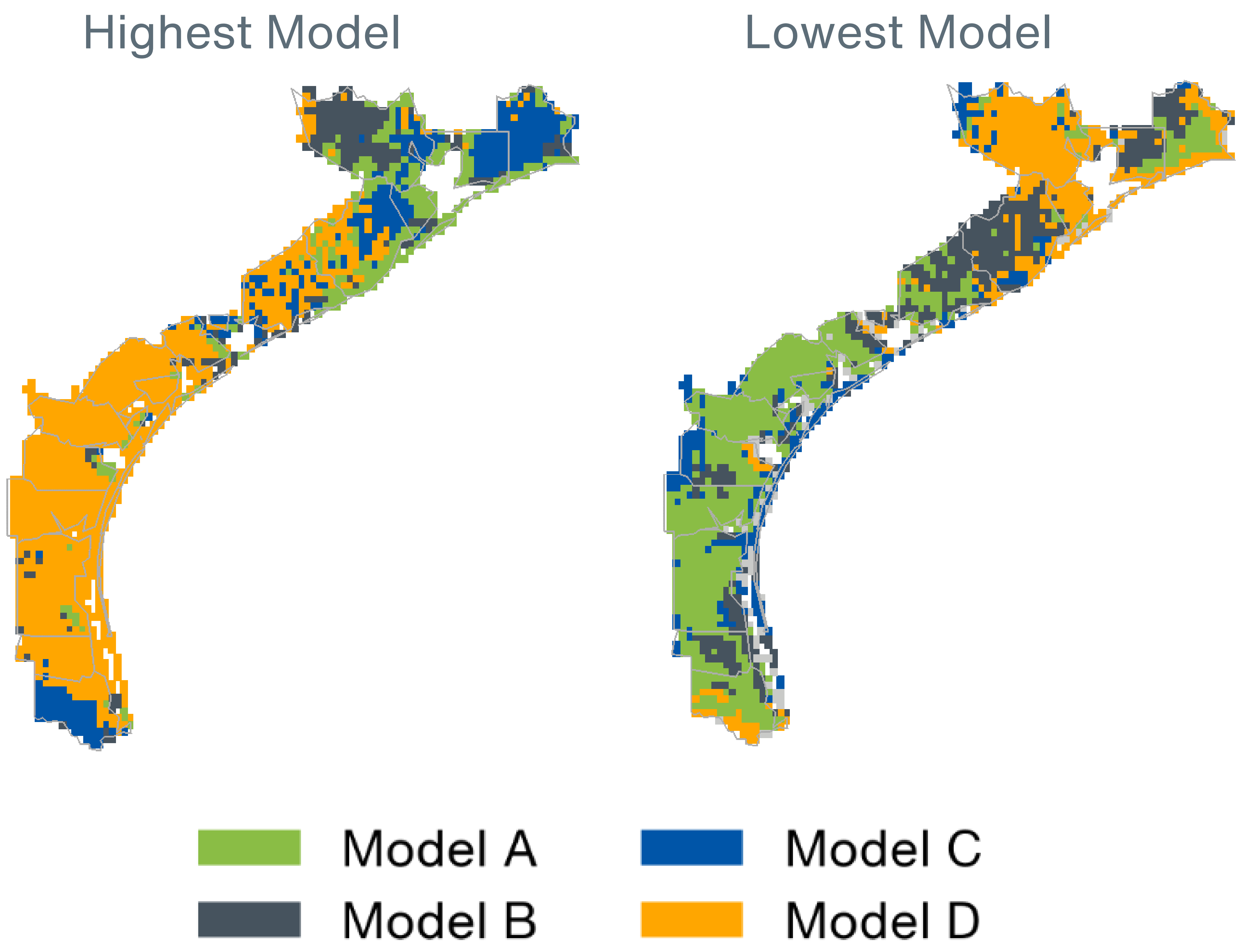
Hazard Return Period

In general, Model A has the highest hazard along the northern coast and the lowest hazard in South Texas. Model D has the highest hazard in South Texas and the lowest hazard in north Texas.

Peak Gust Hazard Curves



50-year hazard return period



Based on a 5 km grid and near-term rates. . Model A 1-minute sustained wind speeds have been converted to 3-second peak gust using a factor of 1.22. Model C 2-second gusts have been converted to 3-second gusts using a factor of 0.98654

AON

Frequency of High Wind Gusts

Models A & C have a sharper coastal gradient, leading to inland drop-off of severe wind speeds. Model D has the highest frequency of modeled 170-mph wind gusts

Annual modeled frequency of any location in the TWIA counties experiencing an event with a 170-mph gust

Model A	Model B	Model C	Model D
1 in 52 years	1 in 134 years	1 in 61 years	1 in 20 years

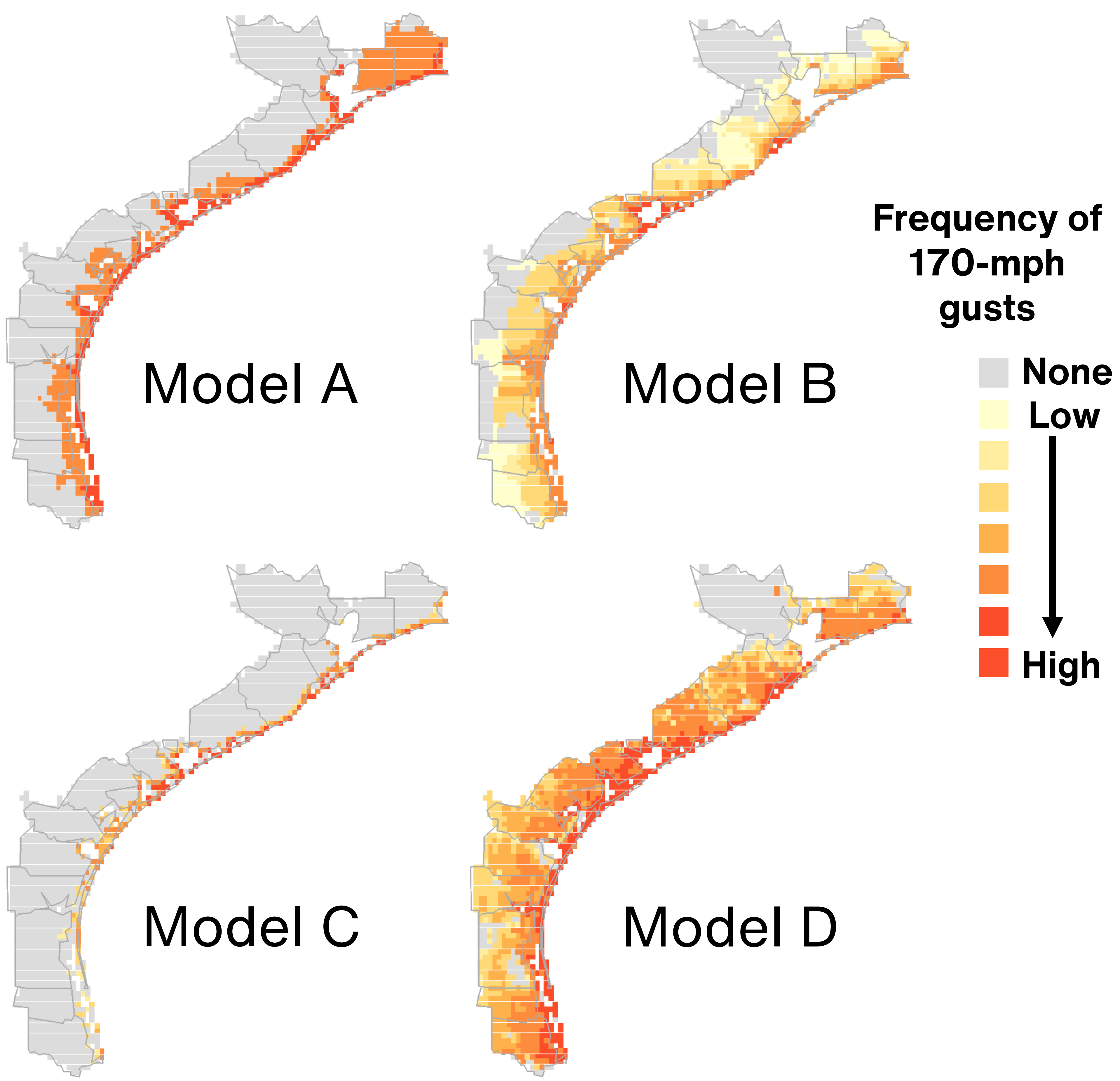
Modeled TWIA AAL from these events

Model A	Model B	Model C	Model D
31%	16%	18%	46%

- During 1900-2024, an estimated 2-3 hurricanes generated 170-mph wind gusts in Texas, corresponding to a historical return period of 42-63 years

Based on a 5 km grid and near-term rates. Model A 1-minute sustained wind speeds have been converted to 3-second peak gust using a factor of 1.22. Model C 2-second gusts have been converted to 3-second gusts using a factor of 0.98654

Frequency of Peak Gusts Over 170 mph



Geographical Correlation

Model A

Event Making Landfall in This County	Probability that Loss Will Occur in This County														
	Jefferson	Chambers	Harris	Galveston	Brazoria	Matagorda	Calhoun	Refugio	Aransas	San Patricio	Nueces	Kleberg	Kenedy	Willacy	Cameron
Jefferson	100%														
Chambers	99%	100%	69%	78%											
Galveston	70%	86%	93%	100%	62%										
Brazoria		70%	91%	96%	100%	77%									
Matagorda			58%	67%	71%	100%	78%								
Calhoun						83%	100%	68%	64%						
Aransas						55%	93%	96%	100%	78%	69%				
Nueces							75%	91%	98%	98%	100%				
Kleberg							56%	79%	86%	96%	99%	100%	79%	58%	
Willacy										55%	71%	75%	91%	100%	81%
Cameron													69%	96%	100%

Model B

Event Making Landfall in This County	Probability that Loss Will Occur in This County														
	Jefferson	Chambers	Harris	Galveston	Brazoria	Matagorda	Calhoun	Refugio	Aransas	San Patricio	Nueces	Kleberg	Kenedy	Willacy	Cameron
Jefferson	100%	81%	72%	74%											
Chambers	100%	100%	88%	100%	88%	88%	75%								
Galveston	76%	94%	97%	100%	84%	58%									
Brazoria	54%	77%	93%	99%	100%	90%	59%								
Matagorda			62%	70%	80%	100%	88%	63%	51%						
Calhoun					51%	88%	100%	96%	88%	79%	70%				
Aransas						69%	93%	100%	100%	97%	95%	71%			
Nueces						59%	82%	97%	98%	100%	100%	85%	66%	51%	
Kleberg							75%	86%	92%	97%	99%	100%	89%	66%	
Willacy										56%	66%	76%	98%	100%	91%
Cameron													73%	92%	100%

Key:	50% to 75%	75% to 99%	100%

Correlative probability of events extends beyond county borders

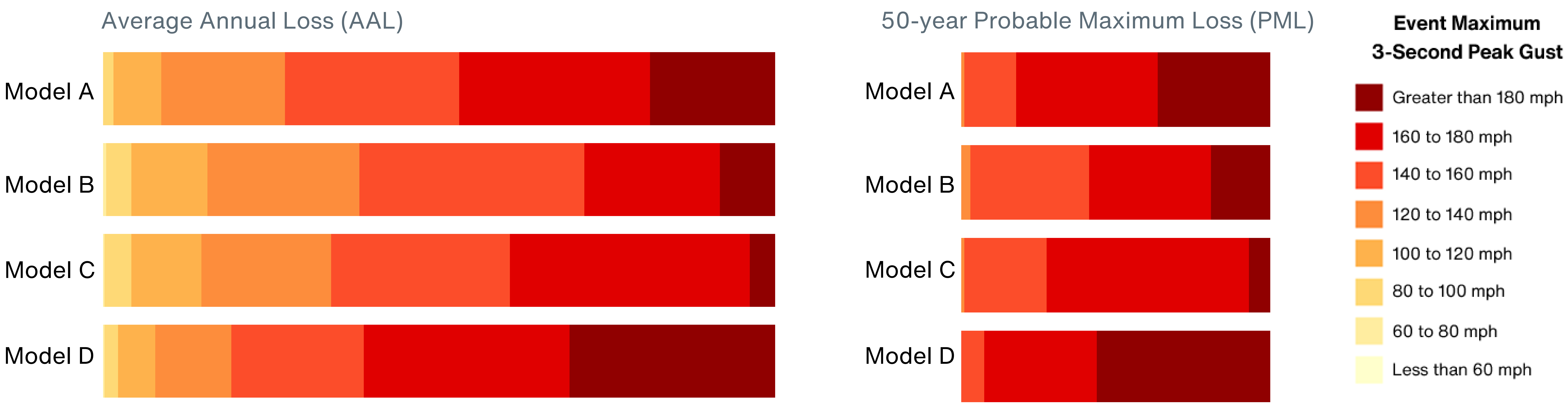
- Matrix highlights model vendor event overlap by county
- Correlation measured by % of events impacting multiple counties
  - Y axis represents event landfalling county
  - X axis represents the county impacted by that same event
- Highest correlation found in adjacent counties, with the trend typically decreasing with greater geographic separation
- Instances of correlation between northern and southern portions of the coast occur when event tracks generally follow coastline and have potential to impact all TWIA counties
- Harris, Refugio, San Patricio, Kenedy excluded as models assign landfall based on distinct coastal orientation

What Types of Events are Driving Losses in Each Model?

Maximum Peak Gust

Losses are more likely to be driven by events with very high (>160 mph) wind speeds in Models A and D

Dollar Contribution to AAL by Event Maximum Peak Gust



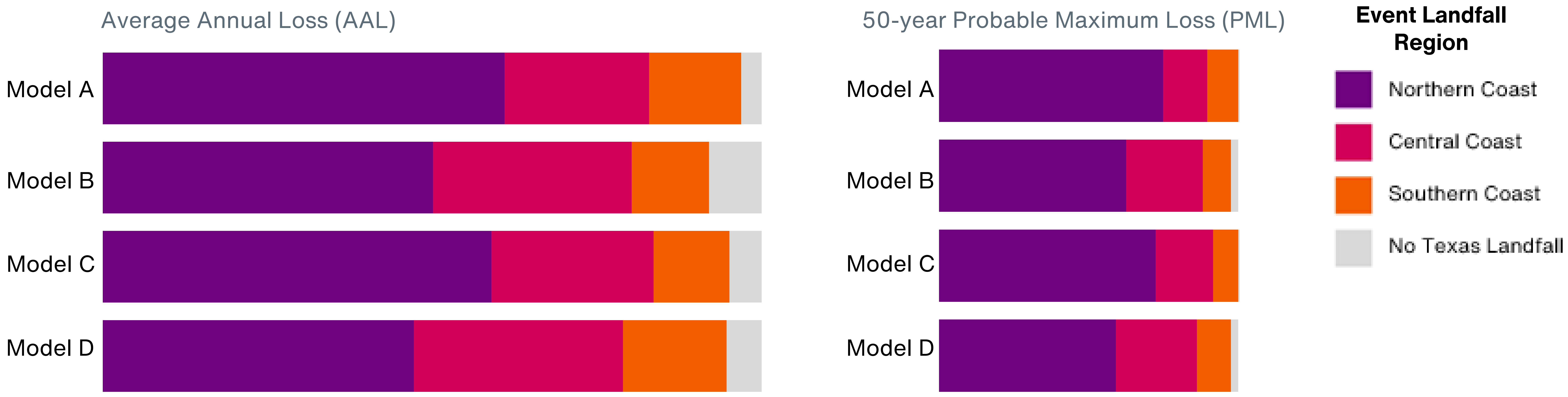
Based on TWIA exposure and near-term rates. Model A 1-minute sustained wind speeds have been converted to 3-second peak gust using a factor of 1.22. Model C 2-second gusts have been converted to 3-second gusts using a factor of 0.98654

What Types of Events are Driving Losses in Each Model?

Landfall Region

Losses are more likely to be driven by a landfall on the northern coast in Models A and C compared to Models B and D

Dollar Contribution to normalized AAL by event landfall region

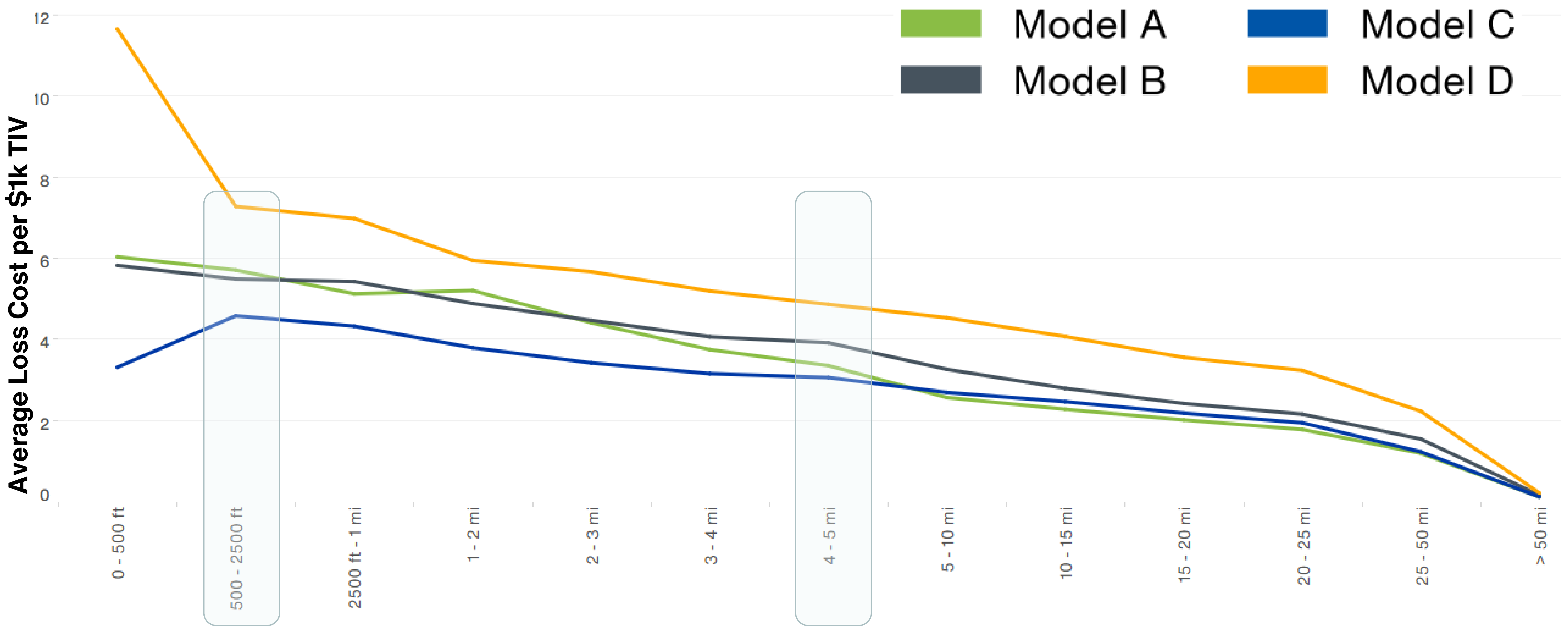


Based on TWIA exposure and near-term rates.

Hurricane Inland Loss Degradation by Model

Average Hurricane Loss Costs by Distance to Coast

Texas Single Family Residential



Loss costs are based on a single notional risk on a 5-km grid modeled as a **Single Family**, **Wood Frame**, **1 story** risk, built in **1985** with **2,000 sf** and $100K/$50K/$20K (A/C/D) coverage values.
Losses include demand surge and exclude storm surge.

How does risk damageability change as a storm moves inland?

- After a hurricane makes landfall, its structure and strength is impacted by the elimination of its oceanic fuel source, changing atmospheric conditions, and topography
- Results in lower damageability for risks located further from the coast
- The change in loss cost with distance (or slope) is comparable between vendors, though actual loss costs vary
- Loss costs decrease significantly in the first five miles of the coast
  - A risk that is 500 to 2,500 feet from the coast has **30% to 40% higher loss costs** than a risk that is 4 to 5 miles from the coast

Texas Building Codes

How is TWIA different than the rest of the state?

Texas Building Code Adoption and Enforcement

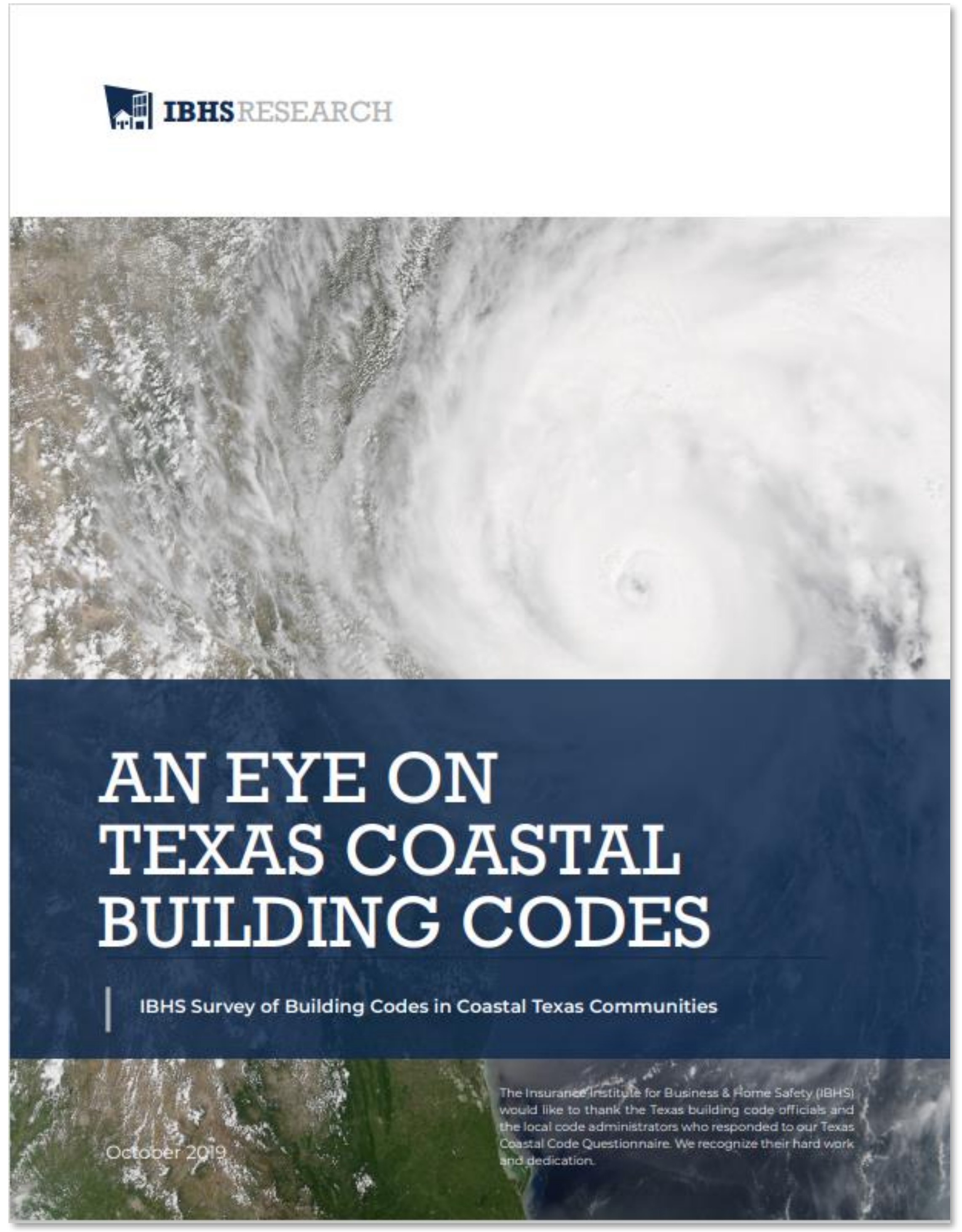
- **Home rule state:** Does not require mandatory statewide code adoption
- **Incorporated cities:** All have adopted a building code; large percentage adopted 2012+ version of IRC
- **Unincorporated jurisdictions:** Many have no adopted code
- **2017 state law:** Requires builders in unincorporated areas of certain counties to provide an inspection report showing construction complies with the current code

Texas Windstorm Insurance Association (TWIA) exception

- Enhanced building code and inspection requirements
- Mitigates some deficiencies in unincorporated coastal areas

IBHS Rating Criteria

- Building Code Adoption (50%)
- Certification and Education of Building Officials (25%)
- Licensing of Contractors (25%)

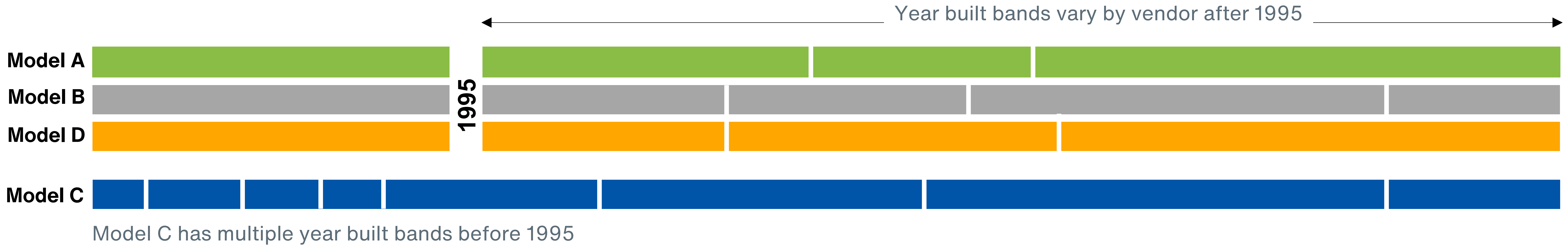


IBHS Rating the States for TX: Low Score and Flat Between 2021 and 2024

Rank:	2021: **#15** out of #18 2024: **#16** out of #18	**Score:**	2021: **34** out of 100 2024: **33** out of 100

Year Built by Model Vendor

Year Built Bands by Model Vendor for the State of Texas



All models use year built bands to differentiate key points in time when building code adoption and enforcement was impacted

Bands vary by model vendor and do not always align well with TWIA, which has more stringent building code adoption and enforcement requirements than the rest of the state

What Does this Mean for TWIA?

- Out-of-the-box view may not reflect the more stringent construction and inspection processes for risks insured by TWIA
- TWIA could consider a custom view of risk that better reflects the higher standard required by TWIA relative to the rest of the state
- This could be achieved through:
  - Different secondary modifier assumptions
  - Loss factor adjustments
  - Custom vulnerability curves
- Potential data modification or adjustments could be validated against detailed claims data

Texas Residential Hurricane Vulnerability by Year Built

TWIA Hurricane AAL by Year Built Band				
Year Built	**Model A**	**Model B**	**Model C**	**Model D**
Pre-1995	**69%**	**65%**	**65%**	**65%**
1995-2001	**9%**	**8%**	**9%**	**10%**
2002-2008	**9%**	**10%**	**11%**	**11%**
Post-2008	**13%**	**17%**	**16%**	**14%**

Based on near-term rates.

Includes demand surge. Excludes storm surge.

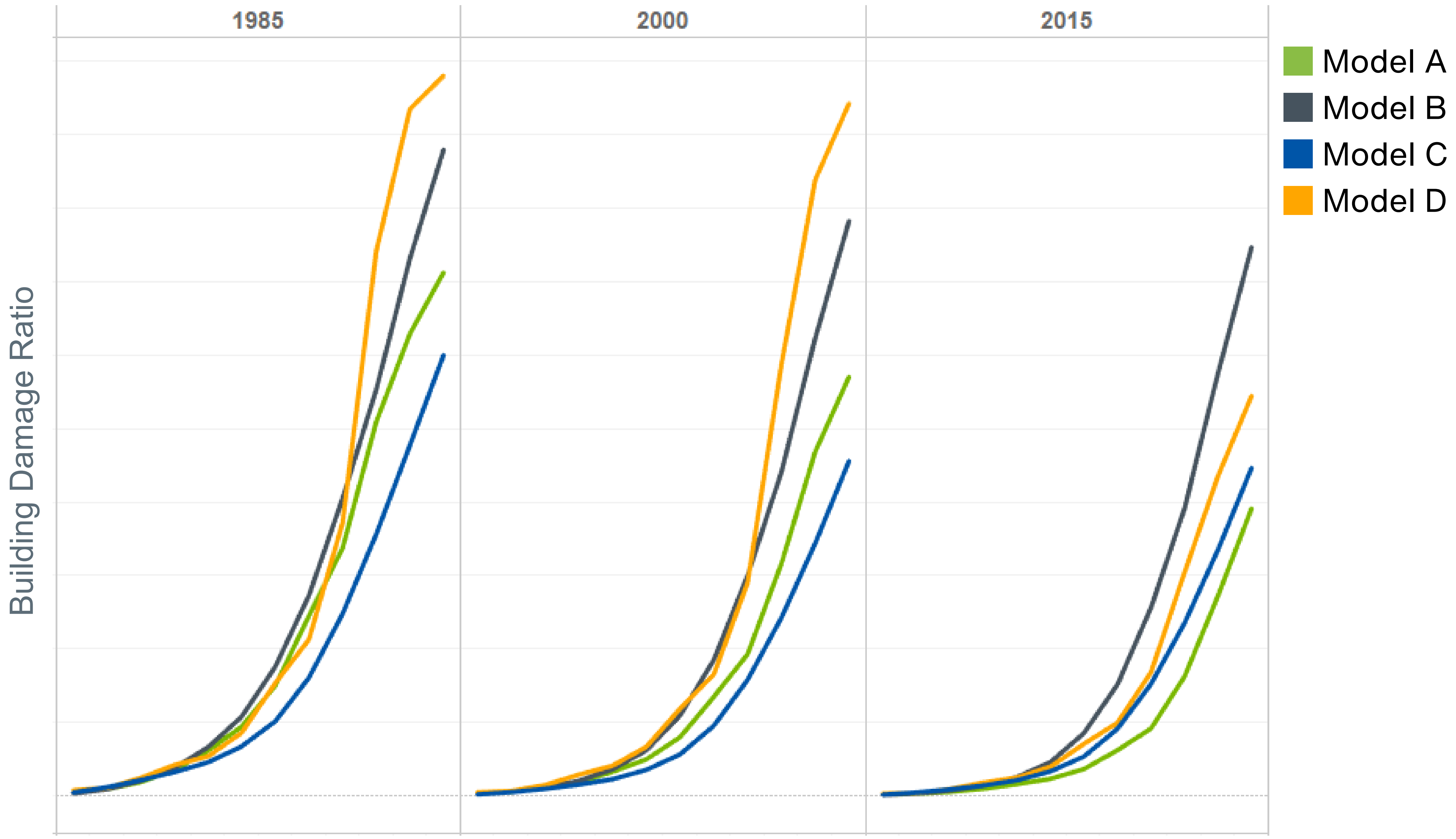
Vulnerability for Models A, B, and D are comparable for older risks, but Model B has the highest vulnerability for newer risks

Model C has the lowest vulnerability, except for newer risks, for which Model A is lowest

TWIA Exposure by Year Built for Single Family Risks

Single Family Wood Frame Building Vulnerability by Year Built

Galveston, 1 story, 2000 square feet



Appendix B
Catastrophe Modeling Overview

Why Do Catastrophe Models Exist?

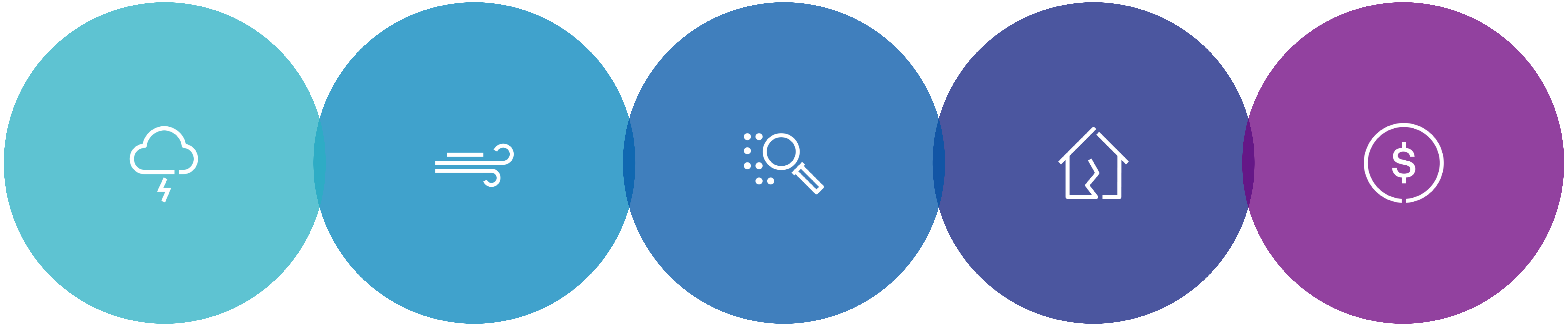
Catastrophe modeling is the process of using computer-assisted calculations to **estimate losses** that could be sustained due to catastrophic events such as hurricanes, earthquakes, floods, wildfires, and other natural or man-made disasters

- Lack of historical event information to accurately predict future losses
- Increasing development in disaster-prone areas

Photo from Texas Tribune post-disaster Rockport, TX for Hurricane Harvey (2017)

Catastrophic events have caused billions of dollars in insured losses, and catastrophe models are one tool that (re)insurers use to understand, quantify, and manage the risks associated with such events.

Catastrophe Modeling Framework



Generate Stochastic Events

- Where are future events likely to occur?
- How large or severe are they likely to be?
- How frequently are they likely to occur?

Assess Hazard

- How severe could the event be at a particular location?
- What event parameters affect the local intensity?

Apply Exposure

- How much exposure is there?
- Where is the exposure located?
- What are the physical attributes of the exposure?

Calculate Damage

- What is the relationship between the hazard and exposure?
- How much damage could there be?

Quantify Loss

- What is the monetary loss associated with the damage?
- Who is responsible for paying the loss?

Key Vulnerability Inputs Example: Hurricane

Occupancy

Why It Matters:

- Can provide some indication of external features like roof shape, extent of glazing, appurtenant features, etc.
- Contents for some occupancy classes are more vulnerable to water damage

How Important Is It?

Low High

Construction

Why It Matters:

- Most important at high wind speeds
- Roof/wall connection is particularly vulnerable
- Wood (most vulnerable) Masonry (less vulnerable) Steel and Concrete (best performing vulnerability)

How Important Is It?

Low High

Number of Stories

Why It Matters:

- Wind loads increase with story height
- Taller structures can result in more interior damage due to the “trickle down” effect
- Taller structures are better engineered

How Important Is It?

Low High

Year Built

Why It Matters:

- Year built bands capture changes to design wind speed maps in building codes
- Critically important to inform models of likely secondary modifiers when unknown

How Important Is It?

Low High

Floor Area

Why It Matters:

- Highest wind pressures occur on roof edge and corners
  - These areas represent a smaller part of the total roof as floor area is increased
- Impact varies by model vendor and type of risk

How Important Is It?

Low High

Understanding the Components of an EP Summary

Glossary of EP Summary Terms

Data In Force as of 11/30/2024 (no exposure growth contemplated)

	Verisk v13 - All Perils (Long-Term/Standard)			
1	Exceedence Probability	Return Period	OEP	AEP
	0.40%	250 yr	10,750.5	11,348.6
	0.50%	200 yr	10,128.6	10,602.7
	1.00%	100 yr	6,896.7	7,209.5
2	**2.00%**	**50 yr**	**3,942.5**	**4,288.3**
	4.00%	25 yr	2,063.5	2,260.3
	5.00%	20 yr	1,648.2	1,847.6
3		**Annual avg**	**429.6**	**429.6**
4		**Std dev**	**1,501.9**	**1,501.9**

	Verisk v13 - All Perils (Long-Term/Standard)			
	Exceedence Probability	Return Period	OEP - TVaR	AEP - TVaR
	0.40%	250 yr	16,607.8	17,227.0
	0.50%	200 yr	15,377.0	15,977.0
	1.00%	100 yr	11,874.5	12,397.6
5	**2.00%**	**50 yr**	**8,488.7**	**8,959.9**
	4.00%	25 yr	5,623.5	6,011.8
	5.00%	20 yr	4,868.4	5,223.7
		Annual avg	**429.6**	**429.6**
		Std dev	**1,501.9**	**1,501.9**

1 **Occurrence Exceedance Probability (OEP) versus Aggregate Exceedance Probability (AEP)**

OEP is the probability that the single largest event loss in a year will exceed a loss threshold, while AEP is the probability aggregate event losses will exceed the threshold.

2 **Probable Maximum Loss (PML): An estimate of the likelihood that a catastrophic loss will be met or exceeded.**

The 50 yr return period is $3,942.5M. There is a 2% probability of having a loss of $3,942.5M or greater in a given year.

3 **Average Annual Loss (AAL): A measure of overall catastrophe risk, a function of both severity and frequency of losses.**

On average, you can expect to incur $429.6M of catastrophe loss in a given year.

4 **Standard Deviation (Std Dev): A measure of uncertainty around the AAL.**

5 **Tail Value at Risk (TVaR): The expected financial loss based on the assumption that a specified return period loss threshold has been met.**

There is a 2% probability of having a loss of $3,942.5M or greater. Given that the loss occurs, the average severity is $8,488.7M.

Appendix B Disclaimers

Limitations Regarding Use of Catastrophe Models

This report includes information that is output from catastrophe models of AIR Worldwide Corporation (Verisk), CoreLogic (Cotality), Impact Forecasting, LLC (IF), and Risk Management Solutions, Inc. (RMS). The information from the models is provided by Aon Re, Inc. (Aon) under the terms of its license agreements with Verisk, CoreLogic, IF, and RMS.

The results in this report from Verisk, CoreLogic, IF, and RMS are the products of the exposures modeled, the financial assumptions made concerning insurance terms such as deductibles and limits, and the risk models that project the dollars of damage that may be caused by defined catastrophe perils. Aon recommends that the results from these models in this report not be relied upon in isolation when making decisions that may affect the underwriting appetite, rate adequacy or solvency of the company.

The Verisk, CoreLogic, IF, and RMS models are based on scientific data, mathematical and empirical models, and the experience of engineering, geological, meteorological and terrorism experts. Calibration of the models using actual loss experience is based on very sparse data, and material inaccuracies in these models are possible. The loss probabilities generated by the models are not predictive of future hurricanes, other windstorms, or earthquakes or other natural or man-made catastrophes, but provide estimates of the magnitude of losses that may occur in the event of such catastrophes.

Aon makes no warranty about the accuracy of the Verisk, CoreLogic, IF, and RMS models and has made no attempt to independently verify them. Aon will not be liable for any loss or damage arising from or related to any use of, or decisions based upon, data developed using the models of Verisk, CoreLogic, IF, and RMS, including without limitation special, indirect or consequential damages.

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8. Internal Audit
8A. Internal Audit Status Report

MEMORANDUM

TO: The Board of Directors - Texas Windstorm Insurance Association
FROM: Dan Graves, Weaver - Internal Audit
DATE: November 4, 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-Q4)
Claims Processing	Complete
HR Administration & Talent Retention	Complete
Executive Management	In progress, reporting
Cash Management – Limited Annual Procedures	In progress, reporting
Information Security	In progress, reporting
IT Services	In progress, reporting

- **Follow-Ups Status:**
  - Internal audit completing follow-ups for six findings

- **Upcoming Audits and Activities:**

Activity Description	Timing
Risk Assessment Update	Q4 2025

MEMORANDUM

- **Summary of Open Findings:**

Audit	Fiscal Year	Total Findings	Closed and Validated
Facilities	2020	1	Closed and Validated
Actuarial	2021	3	Closed - Pending Validation
Cash Management		4	Closed and Validated
Governance		4	Closed and Validated
Premium Taxes		1	Closed and Validated
Secure Remote Work Practices & Vulnerability Mgmt	2022	2	Closed and Validated
COOP / BCP		1	Closed and Validated
Claims Processing		-	No Findings
HR and Payroll		3	Closed and Validated
Reinsurance		2	Closed and Validated
Funding Sources and Reinsurance	2023	-	No Findings
Underwriting and Policy Services		4	Closed and Validated
Actuarial		3	Closed - Pending Validation
AP & Expense Processing		3	Closed and Validated
AR		2	Closed and Validated
Facilities and Services		-	No Findings
Depopulation		2	Closed and Validated
Leg and External Affairs	2024	-	No Findings
Database and Application Administration		8	Closed and Validated
Application Development		2	Closed and Validated
Legal and Compliance		2	Closed and Validated
Financial Close and Reporting		2	Closed and Validated
Cash Management		1	Closed and Validated
Customer Experience		4	Closed and Validated
Total		**54**	

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			✓		
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			✓		
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

9. Underwriting Operational Review Update

TEXAS WINDSTORM INSURANCE ASSOCIATION

MEMORANDUM

DATE: October 14, 2025

TO: David Durden, General Manager

FROM: Michael Ledwik, Vice President, Underwriting

RE: Update on Underwriting Operational Results

Third Quarter 2025 Results

TWIA Underwriting Metrics	Monthly Summary					YTD		
	Jul-25	Aug-25	Sep-25	Q32025		2025	2025 Goal	▲
% of New Business/Renewal policies issued in 10 Days	99.99%	99.98%	99.99%	99.99%		99.98%	90%	9.98
New Business Policies Issued	5,147	4,561	4,229	13,937		41,213		
Renewal Policies Issued	23,146	28,364	28,384	79,894		195,621		
Internal Underwriting Quality Control	99.09%	99.21%	99.18%	99.16%		99.03%	95%	4.03
Phone Service Level (calls answered in 20 seconds)	85.41%	85.44%	91.00%	87.28%		86.03%	80%	6.03
Number of Calls	38,294	33,676	30,573	102,543		302,948		
Internal Telephone Quality Control	98.50%	98.00%	98.00%	98.17%		97.17%	95%	2.17

Agency Compliance Audits:

20 agencies were selected to be audited to assess compliance with Statutory requirements and TWIA Agent Requirements and Performance Standards. Results shown are specifically focusing on compliance of:

- Flood Provisions
- Declination Provisions

Audit Results:

- 9 agencies were found to be fully compliant, with no issues identified.
- 11 agencies had issues identified that were addressed through corrective actions and/or training.

10. Claims

10A. Claims Operations

TWIA Claims Operations 2025

TWIA Claims - 2025 Q3 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	4.6	<7	-2.4	-34%
Avg. Days - FNOL to TWIA Receipt - Cat	9.6	4.8	<14	-9.2	-66%
Avg. Days - FNOL to ACV Payment - Daily	N/A	8.4	<12	-3.6	-30%
Avg. Days - FNOL to ACV Payment - CAT	N/A	8.4	<21	-12.6	-60%
TDI Complaint Ratio					
2024	0.14% - 61 complaints from 43,012 new claims				
2025	0.76% - 41 complaints from 5,414 new claims				

Year	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	Jul-25	Aug-25	Sep-25
Actual Volume	1,456	27,571	3,766	1,432	807	522	585	620	481	682	730	759	811	540	415	376
Actuarial Projected	591	596	872	880	880	431	435	1,395	334	1,484	1,311	2,411	1,264	227	706	320
Staffing Plan	703	703	703	703	703	703	703	578	578	578	578	578	578	578	578	578
Open Inventory	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	17,257	15,618	14,230

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	**5,414**

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	4,414	-64.0%	59	-79.4%	4,473	-64.4%
2023	9,394	112.8%	173	193.2%	9,567	113.9%
2024	43,115	359.0%	951	449.7%	44,066	360.6%
2025	2,757	-	49	-	2,806	-

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	$ 70,774,512	158.1%	$ 6,057,975	318.6%	$ 76,832,488	166.2%
2024	$ 432,463,174	511.0%	$ 43,779,565	622.7%	$ 476,242,739	519.8%
2025	$ 16,084,441	-	$ 271,990	-	$ 16,356,431	-

Paid Claim Severity by LOB

Year	Residential		Commercial		GRAND TOTAL	
	Severity	% Δ	Severity	% Δ	Severity	% Δ
2021	$ 4,737	-	$ 28,540	-	$ 5,280	-
2022	$ 6,212	31.1%	$ 24,529	-14.1%	$ 6,453	22.2%
2023	$ 7,534	21.3%	$ 35,017	42.8%	$ 8,031	24.4%
2024	$ 10,030	33.1%	$ 46,035	31.5%	$ 10,807	34.6%
2025	$ 5,834	-	$ 5,551	-	$ 5,829	-

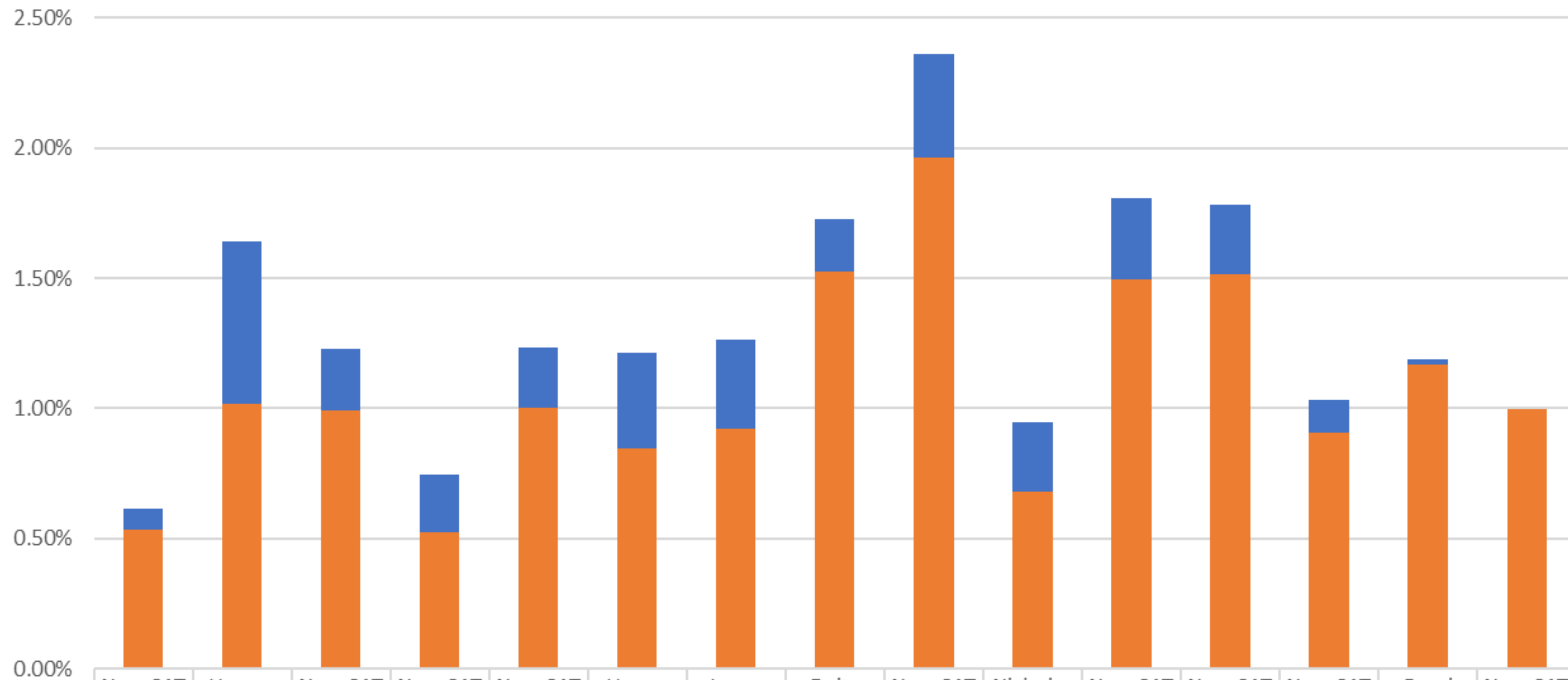
*Paid amounts exclude loss adjustment expenses and IBNR reserves

10B. Claims Litigation

TEXAS WINDSTORM INSURANCE ASSOCIATION

TWIA Litigation Summary

TWIA Historical Litigation Rates 2017 - Present
(Overall Litigation Rate: 1.42%)



	Non-CAT (2017)	Harvey (2017)	Non-CAT (2018)	Non-CAT (2019)	Non-CAT (2020)	Hanna (2020)	Laura (2020)	Delta (2020)	Non-CAT (2021)	Nicholas (2021)	Non-CAT (2022)	Non-CAT (2023)	Non-CAT (2024)	Beryl (2024)	Non-CAT (2025)
Suit Rate	0.08%	0.62%	0.24%	0.22%	0.23%	0.36%	0.35%	0.20%	0.40%	0.27%	0.31%	0.27%	0.13%	0.02%	0.00%
NOIS Rate	0.53%	1.02%	0.99%	0.52%	1.00%	0.85%	0.92%	1.53%	1.97%	0.68%	1.49%	1.52%	0.91%	1.17%	1.00%
Total Claims	6,181	76,730	4,648	6,689	4,790	1,650	4,345	4,057	5,800	6,755	4,484	9,636	11,119	33,941	2,808

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

TEXAS WINDSTORM INSURANCE ASSOCIATION

TWIA Litigation Tracking Activity

Litigation Quarter Summary

Third Quarter 2025

Summary of TWIA Claims in Suit (3rd Quarter 2025)

	New	Settled	Closed
July	3	5	2
August	0	6	0
September	6	2	7
	9	13	9

Summary of TWIA Claims with LORs (3rd Quarter 2025)

	New	Settled	Closed
July	46	6	21
August	52	11	24
September	23	28	31
	121	45	76

TWIA Claims Litigation
September 2025

	TWIA Claims in Suit			
	Beginning Inventory	New	Closed	Ending Inventory
Sep-25	81	6	7	80
	Breakdown			
	Normal	6	3	
	Nicholas 2021	0	1	
	Harvey 082517	0	2	
	Laura 2020	0	1	

	TWIA Claims with LORs				
	Beginning Inventory	New	Closed	Converted to Suit	Ending Inventory
Sep-25	941	23	31	6	927
	Breakdown				
	Normal	8	10	6	
	Beryl 2024	14	17	0	
	Harvey 2017	0	1	0	
	Laura 2020	0	1	0	
	Nicholas 2021	0	2	0	
	Delta 2020	1	0	0	

TWIA Active Claims with Suits/LORs: Breakdown by Storm

	Event	Total claims	Total Suits	Active Suits	Total LORs	Active LORS
Sep-25	Harvey 082517	76,730	483	3	1,108	0
	Nicholas 2021	6,755	21	9	115	4
	Laura 2020	4,345	17	0	181	1
	Delta 2020	4,057	11	2	154	2
	Beryl 2024	34,304	9	6	767	638

TWIA Active Claims with Suits/LORs: Breakdown by County

	Aransas	Brazoria	Calhoun	Cameron	Chambers	Galveston	Harris	Jefferson	Kleberg	Matagorda	Nueces	San Patricio	Willacy	Grand Total
Sep-25	2	276	2	58	9	409	38	58	1	24	16	2	1	896

TWIA Claims with Suits/LORs: Detail of Ending Inventory

Active Unsettled Claims

	Suits		LORS		Total
	Residential	Commercial	Residential	Commercial	
Sep-25	33	16	788	59	896

TWIA Claims with Suits/LORs: Detail of Ending Inventory

Settled & Funded (closing documents and final invoices pending)

	Suits		LORS		Total
	Residential	Commercial	Residential	Commercial	
Sep-25	30	1	80	0	111

11. TWIA Operations
11A. IT Update

MEMORANDUM

DATE: October 15, 2025

TO: David Durden, General Manager

FROM: Michael Eleftheriades, CIO / VP IT

RE: TWIA Information Technology Status

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

Guidewire Insurance Suite Applications in Production

- Reminder that Go-Live deployment to the cloud was successfully completed over the weekend of April 25 earlier this year.
- We have resumed regular scheduled monthly maintenance releases of fixes and new functionality for the Insurance 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 tested the new Guidewire framework release version for compatibility. We have completed and deployed the Association's Guidewire applications on the required release of the Guidewire Cloud Software framework in September.

Artificial Intelligence (AI)

- The Association has identified Artificial Intelligence as a technology for review in our Strategic Plans. The Association has started formulating a comprehensive approach to AI adoption before any utilization of Artificial Intelligence technology. This work includes a new updated IT Security Policy that covers general AI use policies. Identifying AI general education, risk management, due diligence and vendor selection will be addressed. The

Vendor and contract management team has to review vendor contracts for use of Association data in any tool offering AI functionality. These are just a few of the considerations to resolve before allowing full access to any AI tool.

Artificial Intelligence (AI) Proof of Concept Project

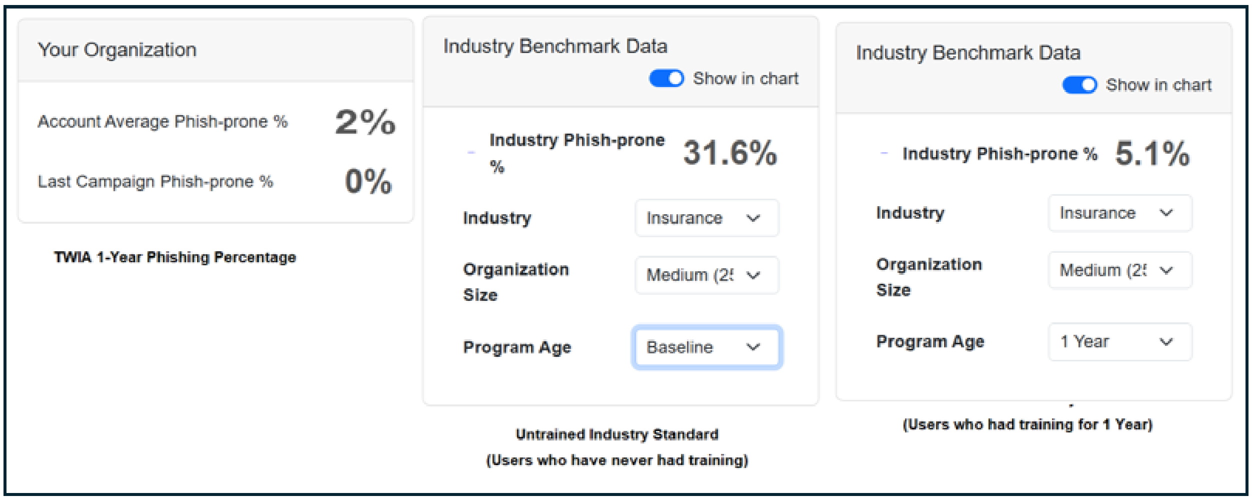
- The Association's first evaluation of any AI technology was the Microsoft Office 365 add-on tool called Microsoft Copilot. This tool is a conversational, AI-powered assistant that helps boost productivity and streamline workflows by offering contextual assistance, automating routine tasks, and analyzing data.
- We selected a very limited number of users to play an evaluation role. The feedback from this review was favorable and positive. The results determined we should cautiously move forward with some requisite steps before allowing further access to the Association.
- The next steps will need to focus on Copilot setup and configuration to include any security implications before any decisions on any additional user distribution of the respective licensing.

On premise and Remote User Workstations

- Completing slow rollout of Windows 11. Microsoft Windows 10 is being deprecated by Microsoft in October. Upgrading all the Association workstations and laptops is complete with a few virtual images remaining.

Phishing email statistics of reported, investigated, and feedback provided occurrences (since inception – July 2017).

Total Reported	Simulated Emails (TWIA initiated internal emails)	Non-Simulated Emails (Not TWIA Initiated – outside emails)
14,094	9,677	4,417



General Status:

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

11B. Communications, Lawsuit Appeal and Legislative Update

MEMORANDUM

DATE: October 15, 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) **<u>Legislative Implementation Program:</u>** Association staff continues to implement bills enacted during this year's legislative session. *An exhibit detailing the status of implementation for relevant bills is attached.*

b) **<u>Legislative Meetings:</u>** In August, Association staff met with the Comptroller's officer and the Texas Treasury Safekeeping Trust Company, and separately with TDI, to discuss the mechanics of implementing the state financing component of the new catastrophe funding structure under House Bill 3689. In October, TWIA staff met jointly with these stakeholders.

c) **<u>Stakeholder Inquiries:</u>** From July 1 to September 30, Legislative & External Affairs staff received and responded to 13 legislative and stakeholder inquiries on the following.

- Policyholder-related inquiries:
  - Inquiries from two legislative offices and TDI about a property owner ineligible for coverage due to windstorm certification requirements,
  - A legislative inquiry about a policyholder seeking a refund of their cancelled policy, and
  - Four inquiries from legislative offices related to policyholder claims.
- One request for information from a legislative office on TWIA's annual rate filing process.
- One request for information from an industry group on TWIA's rate history.

II. Agent Advisory Group (AAG)

a) The fourth-quarter AAG meeting was held in October and included discussions about the implementation of legislative changes from this year's session, and system functionality updates focused on the Association's transition to the cloud and ITS recommendations.

b) AAG member Terri Kizer of Corpus Christi is stepping down from her position with the AAG. We are seeking nominees to fill her spot.

c) The AAG will next meet in Q1 2026.

Legislative Implementation Plan Status Report
89th Legislative Session
As of October 15, 2025

House Bill 2213 – Board Composition
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 2517 – Premium & Maintenance Taxes
Exempts TWIA and TFPA from premium and maintenance tax.

House Bill 2518 – Premium Financing
Prohibits the use of third-party premium financing for TWIA policies.

House Bill 3689 – TWIA Catastrophe Funding
Replaces the public securities in TWIA's catastrophe funding structure with lower-interest state investments, changes TWIA's minimum required catastrophe funding, and makes other changes related to the funding structure.

House Bill 2067 – Declinations
Requires insurers to give written explanations when denying, cancelling, or not renewing insurance policies and to report statistical information on these actions to the Texas Department of Insurance.

Legislative Implementation Plan Status Report
89th Legislative Session
As of October 15, 2025

TWIA-Specific Bills:

Board Composition (HB 2213)	Regulatory Requirements **NONE NEEDED** Assoc. Changes **NONE NEEDED**	• No operational changes required.
Premium & Maintenance Taxes (HB 2517)	Regulatory Requirements **COMPLETE** Assoc. Changes **COMPLETE**	• The Comptroller's office provided the Association with a refund of about $6 million for premium and maintenance taxes paid in 2025. • The Accounting Department has updated processes and financial statements to reflect that the Association is not subject to these taxes going forward.
Premium Financing (HB 2518)	Regulatory Requirements **NONE NEEDED** Assoc. Changes **COMPLETE**	• As of October 9, the premium financing option is no longer available in TWIA's system. • The Association sent an agent bulletin explaining the changes on September 17, letters to premium financing companies on September 19, and a postcard to policyholders on September 22.

Legislative Implementation Plan Status Report
89th Legislative Session
As of October 15, 2025

<u>TWIA-Specific Bills:</u>

TWIA Catastrophe Funding (HB 3689)	Regulatory Requirements **IN PROCESS**	• Staff have begun meeting with representatives from the Comptroller's office, Texas Treasury Safekeeping Trust Company, and the Texas Department of Insurance to discuss the mechanics of accessing and repaying the state financing arrangement outlined in the bill, as well as the rules for implementing the bill. • The A&UW Committee will meet on October 23 to make a recommendation to the Board on the methodology for determining the new 50-year PML for the 2026 storm season • The Board is asked to consider and take action on the Committee's recommendation at its quarterly meeting in November.
	Assoc. Changes **IN PROCESS**	

Legislative Implementation Plan Status Report

89th Legislative Session

As of October 15, 2025

Industry Bill:

Declinations (HB 2067)	Regulatory Requirements **IN PROCESS**	• The bill requires insurers to provide quarterly statistical information on reasons for declinations to TDI. • TDI proposed rules on October 13, 2025 to implement the law. The proposed rule amends the 2026 Texas Statistical Plan to establish reporting requirements for declinations, cancellations and nonrenewals. Association staff are reviewing the proposed rule.
	Assoc. Changes **IN PROCESS**	

11C. Performance Evaluation of General Manager

This item will be covered in closed session.

15. Future Meetings

February 24, 2026 – Moody Gardens Hotel
Galveston

May 19, 2026 – Hyatt Regency
Austin

August 4, 2026 – Tremont House
Galveston