QUARTERLY STATEMENT

OF THE

Texas Windstorm Insurance Association

of Austin

in the state of Texas

TO THE

Insurance Department

OF THE

STATE OF

Texas

FOR THE QUARTER ENDED

September 30, 2018

PROPERTY AND CASUALTY

2018

PROPERTY AND CASUALTY COMPANIES - ASSOCIATION EDITION

30040201820100103

QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2018

OF THE CONDITION AND AFFAIRS OF THE

Texas Windstorm Insurance Association

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

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

Country of Domicile USA

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

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

Main Administrative Office 5700 S. Mopac Bldg A (Street and Number)

Austin, TX US 78749 (City or Town, State, Country and Zip Code) 512-899-4900 (Area Code) (Telephone Number)

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

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

Internet Website Address www.twia.org

Statutory Statement Contact Allen David Fulkerson (Name) 512-899-4988 (Area Code) (Telephone Number) (Extension)

afulkerson@twia.org (E-Mail Address) 512-899-4952 (Fax Number)

OFFICERS

Joshua Fields

	Name	Title
1.	John William Polak	General Manager
2.	Bryan Shofner	Vice Chairman
3.	Debbie King	Secretary-Treasurer

VICE-PRESIDENTS

Name	Title	Name	Title
David Patrick Durden	VP Legal	David Scott Williams	VP Claims
Camron Malik	VP IT	Juanita Deloris Lester	VP HR and Administration
Jennifer Taylor Armstrong	VP Communications&Legislative Affairs	Denise Ingerson Larzalere	VP Underwriting

DIRECTORS OR TRUSTEES

Karen Guard #	Joshua Fields	Tony Schrader	Michael Frank Gerik
Bryan Shofner	Georgia Rutherford Neblett	R. Scott Kesner	Chandra Womack
Debbie King			

State of Texas

County of Travis ss

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

(Signature)	(Signature)	(Signature)
John William Polak	Jerome Tonra Fadden	
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
General Manager	Chief Financial Officer	
(Title)	(Title)	(Title)

Subscribed and sworn to before me this

22nd day of October, 2018

AMY LOUISA BERG-FERGUSON
Notary Public, State of Texas
My Commission Expires
March 06, 2019

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

b. If no: 1. State the amendment number

2. Date filed

3. Number of pages attached

ASSETS

	Current Statement Date 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 December 31 Prior Year Net Admitted Assets
1. Bonds				
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate:				
4.1 Properties occupied by the company (less $ 0 encumbrances)				
4.2 Properties held for the production of income (less $ 0 encumbrances)				
4.3 Properties held for sale (less $ 0 encumbrances)				
5. Cash ($ 305,953,468), cash equivalents ($ 369,623,990), and short-term investments ($ 0)	675,577,457		675,577,457	646,074,191
6. Contract loans (including $ 0 premium notes)				
7. Derivatives				
8. Other invested assets				
9. Receivables for securities				
10. Securities lending reinvested collateral assets				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	675,577,457		675,577,457	646,074,191
13. Title plants less $ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	388,011		388,011	260,608
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	395,508	132,222	263,286	90,174
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ 0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums ($ 0) and contracts subject to redetermination ($ 0)				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	7,669		7,669	17,332
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset				
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets ($ 0)	751,997	751,997		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	699,287		699,287	1,426,589
24. Health care ($ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	8,526,296	4,979,570	3,546,726	85,035
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	686,346,225	5,863,789	680,482,436	647,953,929
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	686,346,225	5,863,789	680,482,436	647,953,929

DETAILS OF WRITE-IN LINES				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Member Assessment Receivable	5,655,930	2,199,241	3,456,689	
2502. Prepaid assets	2,668,448	2,668,448		
2503. Security deposit - lease	111,881	111,881		
2598. Summary of remaining write-ins for Line 25 from overflow page	90,037		90,037	85,035
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	8,526,296	4,979,570	3,546,726	85,035

NONE

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Statement Date	2 December 31, Prior Year
1.	Losses (current accident year $ 4,452,241)	199,458,693	358,214,371
2.	Reinsurance payable on paid losses and loss adjustment expenses		
3.	Loss adjustment expenses	53,538,589	56,519,895
4.	Commissions payable, contingent commissions and other similar charges	5,399,823	4,011,037
5.	Other expenses (excluding taxes, licenses and fees)	6,600,243	10,450,434
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)		816,051
7.1.	Current federal and foreign income taxes (including $ 0 on realized capital gains (losses))		
7.2.	Net deferred tax liability		
8.	Borrowed money $ 368,500,000 and interest thereon $ 24,702,563	376,100,313	431,702,250
9.	Unearned premiums (after deducting unearned premiums for ceded reinsurance of $ 36,218,133 and including warranty reserves of $ 0 and accrued accident and health experience rating refunds including $ 0 for medical loss ratio rebate per the Public Health Service Act)	183,093,967	209,452,528
10.	Advance premium	10,720,795	7,058,606
11.	Dividends declared and unpaid:		
	11.1. Stockholders		
	11.2. Policyholders		
12.	Ceded reinsurance premiums payable (net of ceding commissions)	44,376,988	20,603,408
13.	Funds held by company under reinsurance treaties		368,530
14.	Amounts withheld or retained by company for account of others		
15.	Remittances and items not allocated	1,037,945	2,754,266
16.	Provision for reinsurance (including $ 0 certified)		
17.	Net adjustments in assets and liabilities due to foreign exchange rates		
18.	Drafts outstanding		
19.	Payable to parent, subsidiaries and affiliates		
20.	Derivatives		
21.	Payable for securities		
22.	Payable for securities lending		
23.	Liability for amounts held under uninsured plans		
24.	Capital notes $ 0 and interest thereon $ 0		
25.	Aggregate write-ins for liabilities	72,451,095	7,392,715
26.	Total liabilities excluding protected cell liabilities (Lines 1 through 25)	952,778,451	1,109,344,091
27.	Protected cell liabilities		
28.	Total liabilities (Lines 26 and 27)	952,778,451	1,109,344,091
29.	Aggregate write-ins for special surplus funds		
30.	Common capital stock		
31.	Preferred capital stock		
32.	Aggregate write-ins for other than special surplus funds		
33.	Surplus notes		
34.	Gross paid in and contributed surplus		
35.	Unassigned funds (surplus)	(272,296,015)	(461,390,162)
36.	Less treasury stock, at cost:		
	36.1. 0 shares common (value included in Line 30 $ 0)		
	36.2. 0 shares preferred (value included in Line 31 $ 0)		
37.	Surplus as regards policyholders (Lines 29 to 35, less 36)	(272,296,015)	(461,390,162)
38.	Totals (Page 2, Line 28, Col. 3)	680,482,436	647,953,929

	DETAILS OF WRITE-IN LINES		
2501.	Statutory funds payable	65,830,041	
2502.	Pension benefits liability	5,051,041	5,051,041
2503.	Lease incentive obligation	534,842	629,226
2598.	Summary of remaining write-ins for Line 25 from overflow page	1,035,171	1,712,448
2599.	Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	72,451,095	7,392,715
2901.			
2902.	NONE		
2903.			
2998.	Summary of remaining write-ins for Line 29 from overflow page		
2999.	Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)		
3201.			
3202.	NONE		
3203.			
3298.	Summary of remaining write-ins for Line 32 from overflow page		
3299.	Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)		

STATEMENT OF INCOME

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct (written $ 319,359,297)	309,499,725	343,337,574	451,347,130
1.2 Assumed (written $ 0)			
1.3 Ceded (written $ 110,018,800)	73,800,668	72,391,857	103,992,772
1.4 Net (written $ 209,340,497)	235,699,057	270,945,717	347,354,358
DEDUCTIONS:			
2. Losses incurred (current accident year $ 10,927,543):			
2.1 Direct	104,524,471	961,537,687	1,267,514,515
2.2 Assumed			
2.3 Ceded	(252,185)	1,132,791	1,272,898
2.4 Net	104,776,656	960,404,896	1,266,241,617
3. Loss adjustment expenses incurred	67,019,843	210,649,821	209,060,546
4. Other underwriting expenses incurred	76,645,342	75,742,864	97,876,127
5. Aggregate write-ins for underwriting deductions	65,830,041		
6. Total underwriting deductions (Lines 2 through 5)	314,271,882	1,246,797,581	1,573,178,290
7. Net income of protected cells			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	(78,572,825)	(975,851,864)	(1,225,823,932)
INVESTMENT INCOME			
9. Net investment income earned	(21,854,334)	(21,819,174)	(28,886,165)
10. Net realized capital gains (losses) less capital gains tax of $ 0			
11. Net investment gain (loss) (Lines 9 + 10)	(21,854,334)	(21,819,174)	(28,886,165)
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered $ 0 amount charged off $ 0)			
13. Finance and service charges not included in premiums			
14. Aggregate write-ins for miscellaneous income	281,870,808	370,732,068	743,268,162
15. Total other income (Lines 12 through 14)	281,870,808	370,732,068	743,268,162
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	181,443,649	(626,938,970)	(511,441,935)
17. Dividends to policyholders			
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	181,443,649	(626,938,970)	(511,441,935)
19. Federal and foreign income taxes incurred			
20. Net income (Line 18 minus Line 19) (to Line 22)	181,443,649	(626,938,970)	(511,441,935)
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	(461,390,162)		
22. Net income (from Line 20)	181,443,649	(626,938,970)	(511,441,935)
23. Net transfers (to) from Protected Cell accounts			
24. Change in net unrealized capital gains or (losses) less capital gains tax of $ 0			
25. Change in net unrealized foreign exchange capital gain (loss)			
26. Change in net deferred income tax			
27. Change in nonadmitted assets	7,650,498	(41,507,642)	50,760,192
28. Change in provision for reinsurance			
29. Change in surplus notes			
30. Surplus (contributed to) withdrawn from protected cells			
31. Cumulative effect of changes in accounting principles			
32. Capital changes:			
32.1 Paid in			
32.2 Transferred from surplus (Stock Dividend)			
32.3 Transferred to surplus			
33. Surplus adjustments:			
33.1 Paid in			
33.2 Transferred to capital (Stock Dividend)			
33.3 Transferred from capital			
34. Net remittances from or (to) Home Office			
35. Dividends to stockholders			
36. Change in treasury stock			
37. Aggregate write-ins for gains and losses in surplus			(708,419)
38. Change in surplus as regards policyholders (Lines 22 through 37)	189,094,147	(668,446,612)	(461,390,162)
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	(272,296,015)	(668,446,612)	(461,390,162)

DETAILS OF WRITE-IN LINES			
0501. Statutory fund expense	65,830,041		
0502.			
0503.			
0598. Summary of remaining write-ins for Line 05 from overflow page			
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)	65,830,041		
1401. Member Assessment Income	281,819,778		
1402. Other income (loss)	51,030	32,068	55,209
1403. CRTF Income		370,700,000	743,212,953
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	281,870,808	370,732,068	743,268,162
3701. Pension unassigned funds - unrecognized losses			(708,419)
3702.			
3703.			
3798. Summary of remaining write-ins for Line 37 from overflow page			
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)			(708,419)

CASH FLOW

	1	2	3
Cash from Operations	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
1. Premiums collected net of reinsurance	245,298,875	248,745,080	301,710,491
2. Net investment income	(23,471,252)	(21,324,565)	(29,510,340)
3. Miscellaneous income	276,214,879	370,732,068	743,268,162
4. Total (Lines 1 to 3)	498,042,502	598,152,583	1,015,468,313
5. Benefit and loss related payments	263,523,335	298,398,476	951,291,982
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions	148,433,771	262,526,389	402,819,466
8. Dividends paid to policyholders			
9. Federal and foreign income taxes paid (recovered) net of $ 0 tax on capital gains (losses)			
10. Total (Lines 5 through 9)	411,957,106	560,924,865	1,354,111,448
11. Net cash from operations (Line 4 minus Line 10)	86,085,396	37,227,718	(338,643,135)
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds			
12.2 Stocks			
12.3 Mortgage loans			
12.4 Real estate			
12.5 Other invested assets			
12.6 Net gains (or losses) on cash, cash equivalents and short-term investments			
12.7 Miscellaneous proceeds			
12.8 Total investment proceeds (Lines 12.1 to 12.7)			
13. Cost of investments acquired (long-term only):			
13.1 Bonds			
13.2 Stocks			
13.3 Mortgage loans			
13.4 Real estate			
13.5 Other invested assets			
13.6 Miscellaneous applications			
13.7 Total investments acquired (Lines 13.1 to 13.6)			
14. Net increase (or decrease) in contract loans and premium notes			
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)			
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes			
16.2 Capital and paid in surplus, less treasury stock			
16.3 Borrowed funds	(55,601,938)	(53,500,875)	(44,949,750)
16.4 Net deposits on deposit-type contracts and other insurance liabilities			
16.5 Dividends to stockholders			
16.6 Other cash provided (applied)	(980,192)	(38,432,684)	59,137,161
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(56,582,130)	(91,933,559)	14,187,411
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	29,503,266	(54,705,841)	(324,455,724)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	646,074,191	970,529,915	970,529,915
19.2 End of period (Line 18 plus Line 19.1)	675,577,457	915,824,074	646,074,191

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

20.0001			
20.0002			
20.0003			

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

A. Accounting Practices, Impact of NAIC/State Differences

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

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

Net Income	SSAP #	F/S Page	F/S Line #	September 30, 2018	2017
1. Company state basis (P 4, Line 20, Columns 1&2)	XXX	XXX	XXX	$ 181,443,649	($ 511,441,935)
2. State Prescribed Practices that is an increase / (decrease) from NAIC SAP				-	-
3. State Permitted Practices that is an increase / (decrease) from NAIC SAP				-	-
4. NAIC SAP (1 – 2 – 3 = 4)	XXX	XXX	XXX	$ 181,443,649	($ 511,441,935)

Surplus	SSAP #	F/S Page	F/S Line #	September 30, 2018	2017
5. Company state basis (Page 3, Line 37, Columns 1 & 2)	XXX	XXX	XXX	(272,296,015)	($ 461,390,162)
6. State Prescribed Practices that is an increase / (decrease) from NAIC SAP				-	-
7. State Permitted Practices that is an increase / (decrease) from NAIC SAP	20	2	5	$72,026,001	$279,711,104
8. NAIC SAP (5 – 6 – 7 = 8)	XXX	XXX	XXX	(344,322,016)	($ 741,101,266)

TDI has granted the permitted practice to allow TWIA to admit the following restricted assets associated with the issuance of Series 2014 Pre-Event Class 1 Revenue Bonds ("Series 2014 bonds") as of September 30, 2018 (see Debt footnote) to the extent that the assets do not exceed bond related liabilities. The detailed amounts are as follows:

- $72,026,001 held in the obligation revenue fund for repayment of the Series 2014 bonds.

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

B. Use of Estimates

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

C. Accounting Policy

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

In addition, the company uses the following accounting policy:

1. Short-term investments are stated at amortized cost, which approximates market value. Reverse repurchase agreements are recorded in cash equivalents of the repurchase date is less than 90 day. Reverse repurchase agreements represent the purchase of a security with an agreement to resell.

2. through 9. Investment and mortgage loan related, Not applicable.

10. The Association does not anticipate investment income when evaluating the need for premium deficiency reserves.

11. Loss and loss adjustment expense reserves are based upon claim estimates for (1) losses for cases reported prior to the close of the accounting period, (2) losses incurred but unreported prior to the close of the accounting period, and (3) expenses for investigating and adjusting claims. Such liabilities are necessarily based on assumptions and estimates and while management believes the amounts are adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing

NOTES TO FINANCIAL STATEMENTS

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

12. The Association has a written capitalization policy for prepaid expenses and purchases of items such as electronic data processing equipment, software, furniture, other equipment and leasehold improvements. The predefined capitalization thresholds under this policy have not changed from those of the prior year.

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

D. Going Concern

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

Note 2 – Accounting Changes and Correction of Errors

A. Material Changes in Accounting Principal

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

B. Correction of Errors

Not applicable.

Note 3 – Business Combinations and Goodwill

A. Not applicable

Note 4 – Discontinued Operations

A. Not applicable

Note 5 – Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

None

B. Debt Restructuring

None

C. Reverse Mortgages

None

D. Loan-Backed Securities

None

E. Dollar Repurchase Agreements and/or Securities Lending Transactions

None

F. Repurchase Agreements Transactions Accounted for as a Secured Borrowing

None

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

None

H. Repurchase Agreements Transactions Accounted for as a Sale

None

NOTES TO FINANCIAL STATEMENTS

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale

1. Funds held by the Texas Treasury Safekeeping Trust Company (TTSTC) on behalf of the Association are invested in overnight reverse repurchase agreements. These invested funds represent proceeds from the issuance of bonds during 2014 and include debt service payments. The funds are held at the TTSTC to be used for debt service and the payment of catastrophe loss and loss adjustment expense. See note 1 and note 11. The reverse repurchase agreements require collateral of at least 100% for Treasuries; 101% for Agencies and US Instrumentalities and 102% for mortgage-backed securities. The fair value of reverse repurchase agreements was $72,026,001 and $279,711,104 at September 30, 2018 and December 31, 2017, respectively.

2. Type of Repo Trades Used

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

3. Original (Flow) & Residual Maturity

	First Quarter				Second Quarter			
	1 Minimum	2 Maximum	3 Average Daily Balance	4 Ending Balance	5 Minimum	6 Maximum	7 Average Daily Balance	8 Ending Balance
a. Open -- No Maturity	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
b. Overnight	$181,607,348	$269,598,137	$216,245,993	$195,384,837	$101,127,867	$202,273,254	$130,689,691	$114,849,137
c. 2 Days to 1 Week	-	-	-	-	-	-	-	-
d. > 1 Week to 1 Month	-	-	-	-	-	-	-	-
e. > 1 Month to 3 Months	-	-	-	-	-	-	-	-
f. > 3 Months to 1 Year	-	-	-	-	-	-	-	-
g. > 1 Year	-	-	-	-	-	-	-	-

	Third Quarter				Fourth Quarter			
	9 Minimum	10 Maximum	11 Average Daily Balance	12 Ending Balance	13 Minimum	14 Maximum	15 Average Daily Balance	16 Ending Balance
a. Open -- No Maturity	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
b. Overnight	51,666,029	72,026,001	64,017,359	72,026,001	259,194,314	539,464,712	409,885,142	279,711,104
c. 2 Days to 1 Week	-	-	-	-	-	-	-	-
d. > 1 Week to 1 Month	-	-	-	-	-	-	-	-
e. > 1 Month to 3 Months	-	-	-	-	-	-	-	-
f. > 3 Months to 1 Year	-	-	-	-	-	-	-	-
g. > 1 Year	-	-	-	-	-	-	-	-

4. Counterparty, Jurisdiction and Fair Value (FV)

No Defaults, non applicable.

5. Securities Acquired Under Repo - Sale

	First Quarter				Second Quarter			
	1 Minimum	2 Maximum	3 Average Daily Balance	4 Ending Balance	5 Minimum	6 Maximum	7 Average Daily Balance	8 Ending Balance
a. BACV	X X X	X X X	X X X	$195,384,837	X X X	X X X	X X X	$114,849,137
b. Nonadmitted -- Subset of BACV	X X X	X X X	X X X	-	X X X	X X X	X X X	-
c. Fair value	$181,607,348	$269,598,137	$216,245,993	$195,384,837	$101,127,867	$202,273,254	$130,689,691	$114,849,137

	Third Quarter				Fourth Quarter			
	9 Minimum	10 Maximum	11 Average Daily Balance	12 Ending Balance	13 Minimum	14 Maximum	15 Average Daily Balance	16 Ending Balance
a. BACV	X X X	X X X	X X X	72,026,001	X X X	X X X	X X X	$279,711,104
b. Nonadmitted -- Subset of BACV	X X X	X X X	X X X	-	X X X	X X X	X X X	-
c. Fair value	$51,666,029	$72,026,001	$64,017,359	$76,026,001	$259,194,314	$539,464,712	$409,885,142	$279,711,104

NOTES TO FINANCIAL STATEMENTS

6. Securities Acquired Under Repo – Sale by NAIC Designation

Ending Balance	1 None	2 NAIC 1	3 NAIC 2	4 NAIC 3	5 NAIC 4	6 NAIC 5	7 NAIC 6	8 Nonadmitted
a. Bonds -- BACV	-	-	-	-	-	-	-	-
b. Bonds -- FV	-	-	-	-	-	-	-	-
c. LB & SS -- BACV	-	-	-	-	-	-	-	-
d. LB & SS -- FV	-	-	-	-	-	-	-	-
e. Preferred Stock -- BACV	-	-	-	-	-	-	-	-
f. Preferred Stock -- FV	-	-	-	-	-	-	-	-
g. Common Stock	-	-	-	-	-	-	-	-
h. Mortgage Loans -- BACV	-	-	-	-	-	-	-	-
i. Mortgage Loans -- FV	-	-	-	-	-	-	-	-
j. Real Estate -- BACV	-	-	-	-	-	-	-	-
k. Real Estate -- FV	-	-	-	-	-	-	-	-
l. Derivatives -- BACV	-	-	-	-	-	-	-	-
m. Derivatives -- FV	-	-	-	-	-	-	-	-
n. Other Invested Assets -- BACV	-	-	-	-	-	-	-	-
o. Other Invested Assets -- FV	-	$72,026,001	-	-	-	-	-	-
p. Total Assets -- BACV	-	-	-	-	-	-	-	-
q. Total Assets -- FV	-	$72,026,001	-	-	-	-	-	-

7. Proceeds Provided - Sale

	First Quarter				Second Quarter			
	1 Minimum	2 Maximum	3 Average Daily Balance	4 Ending Balance	5 Minimum	6 Maximum	7 Average Daily Balance	8 Ending Balance
a. Cash	$181,607,348	$269,598,137	$216,245,993	$195,384,837	$101,127,867	$202,273,254	$130,689,691	$114,849,137
b. Securities (FV)	-	-	-	-	-	-	-	-
c. Securities (BACV)	X X X	X X X	X X X	-	X X X	X X X	X X X	-
d. Nonadmitted Subset	X X X	X X X	X X X	$ -	X X X	X X X	X X X	$ -

	Third Quarter				Fourth Quarter			
	9 Minimum	10 Maximum	11 Average Daily Balance	12 Ending Balance	13 Minimum	14 Maximum	15 Average Daily Balance	16 Ending Balance
a. Cash	$51,666,029	$72,026,001	$64,017,359	$76,026,001	$259,194,314	$539,464,712	$409,885,142	$279,711,104
b. Securities (FV)	-	-	-	-	-	-	-	-
c. Securities (BACV)	X X X	X X X	X X X	-	X X X	X X X	X X X	-
d. Nonadmitted Subset	X X X	X X X	X X X	$ -	X X X	X X X	X X X	$ -

8. Recognized Forward Resale Commitment

	First Quarter				Second Quarter			
	1 Minimum	2 Maximum	3 Average Daily Balance	4 Ending Balance	5 Minimum	6 Maximum	7 Average Daily Balance	8 Ending Balance
(8) Recognized Forward Resale Commitment	$181,607,348	$269,598,137	$216,245,993	$195,384,837	$101,127,867	$202,273,254	$130,689,691	$114,849,137

	Third Quarter				Fourth Quarter			
	9 Minimum	10 Maximum	11 Average Daily Balance	12 Ending Balance	13 Minimum	14 Maximum	15 Average Daily Balance	16 Ending Balance
(8) Recognized Forward Resale Commitment	$51,666,029	$72,026,001	$64,017,359	$76,026,001	$259,194,314	$539,464,712	$409,885,142	$279,711,104

J. Real Estate

None

K. Low-Income Housing Tax Credits

None

L. Restricted Assets

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

NOTES TO FINANCIAL STATEMENTS

assets are invested in overnight reverse repurchase agreements. The Association also holds minimum maturity time deposits which have withdrawal provisions in that notice to withdrawal is given in advance of availability which is generally 90 days or less.

	Gross (Admitted & Nonadmitted) Restricted							Current Year			
	Current Year									Percentage	
	1	2	3	4	5	6	7	8	9	10	11
Restricted Asset Category	Total General Account (G/A)	G/A Supporting S/A Restricted Assets (a)	Total Separate Account (S/A) Restricted Assets	S/A Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase / (Decrease) (5 minus 6)	Total Non-admitted Restricted	Total Admitted Restricted (5 minus 8)	Gross (Admitted & Non-admitted) Restricted to Total Assets (c)	Admitted Restricted to Total Admitted Assets (d)
a. to c. None											
d. Subject to reverse repurchase	$72,026,001				$72,026,001	$279,711,104	($207,685,103)	$ -	$72,026,001	10.49%	10.59%
e. to m. None											
n. Other restricted assets	-				-	$932,841	($932,841)	-	-	0.00%	0.00%
o. Total restricted assets	$72,026,001				$72,026,001	$280,643,945	($208,617,944)	$ -	$72,026,001	10.49%	10.59%

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

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

   None

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

	Gross (Admitted & Nonadmitted) Restricted								Percentage	
	Current Year									
	1	2	3	4	5	6	7	8	9	10
Restricted Asset Category	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase / (Decrease) (5 minus 6)	Total Current Year Admitted Restricted	Gross (Admitted & Non-admitted) Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
Minimum Maturity Time Deposits	$ -				$ -	$ 932,841	($932,841)	$ -	0.00%	0.00%
Total other restricted assets	$ -				$ -	$ 932,841	($932,841)	$ -	0.00%	0.00%

(a) Subset of column 1
(b) Subset of column 3
(c) Total Line for Columns 1 through 7 should equal 5L(1)n Columns 1 through 7 respectively and Total Line for Columns 8 through 10 should equal 5L(1)n Columns 9 through 11 respectively

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

   None

M. Working Capital Finance Investments

None

N. Offsetting and Netting of Assets and Liabilities

None

O. Structured Notes

None

NOTES TO FINANCIAL STATEMENTS

P. 5* Securities

None

Q. Short Sales

None

R. Prepayment Penalty and Acceleration Fees

None

Note 6 – Joint Ventures, Partnerships and Limited Liability Companies

A. Not applicable

Note 7 – Investment Income

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

Note 8 – Derivative Instruments

A. Not applicable

Note 9 – Income Taxes

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

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

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

A. Nature of Relationships

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

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

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

None

C. Change in Terms of Intercompany Arrangements

None

D. Amounts Due to or from Related Parties

During 2018 and 2017 the Association paid expenses for the Texas FAIR Plan Association ("the Plan") under its management contract. The incurred expenses were $9,172,841 and $14,033,559 for the period ending September 30, 2018 and for the year ending December 31, 2017, respectively. As of September 30, 2018 and December 31, 2017, the Association incurred or paid expenses for which it has not been reimbursed of $699,287 and $1,426,589, respectively, on behalf of the Plan. These amounts are recognized in the statutory statements of admitted assets, liabilities, surplus and other funds as a receivable from the Plan. This arrangement is subject to a written agreement which requires that balances be settled within 30 days.

NOTES TO FINANCIAL STATEMENTS

E. Guarantees or Undertakings for Related Parties

Not applicable

F. Management, Service Contracts, Cost Sharing Arrangements

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

G. Nature of Relationships that Could Affect Operations

None

H. Amount Deducted for Investment in Upstream Company

Not applicable

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

Not applicable

J. Write-downs for Impairment of Investments in Affiliates

Not applicable

K. Foreign Insurance Subsidiary Valued Using CARVM

Not applicable

L. Downstream Holding Company valued Using Look-Through method

Not applicable

M. All SCA Investments

Not applicable

N. Investment in Insurance SCAs

Not applicable

Note 11 – Debt

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

The secured Bonds were issued on September 30, 2014 for $500,000,000 of which $368,500,000 was outstanding as of September 30, 2018 and $414,600,000 as of December 31, 2017. The bonds mature July 1, 2024 and can be called by the Seller beginning July 1, 2019. The original Bonds bear interest from 5.25% to 8.25% with an effective interest rate of 8.03%. Interest is payable semi-annually on January 1 and July 1 with the first payment made January 1, 2015. The Bonds are secured by TWIA's net premium and other revenue which is used to fund the Debt Service and related accounts held by the Texas Treasury Safekeeping Trust Company.

There are various general and special covenants. The primary covenant, which exists as long as there are outstanding Class 1 Public Securities and Administrative Expenses are incurred, states that TWIA will take actions that produce Projected Net Coverage Revenues in an amount not less than 1.25 times the Obligations due in the next calendar year and 1.25 times the estimated amount of Administrative Expenses due in the next calendar year. Another covenant, which exists as long as the Bonds are outstanding, states that TWIA will maintain the Operating bank account subject to a deposit account control agreement to maintain a perfected security interest in the Net Premiums and Other Revenue held for the benefit of the Bondholders. The deposit account control agreement is activated upon default of the debt covenants. As of both September 30, 2018 and December 31, 2017, TWIA is in compliance with these and all other covenants.

NOTES TO FINANCIAL STATEMENTS

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

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

At September 30, 2018 and December 31, 2017, the notes had no unamortized premium or discount. Bond issuance costs are expensed as incurred.

Interest expense incurred is recorded as an investment expense and was $24,702,563 and $35,354,250 for the period ended September 30, 2018 and for the year ended December 31, 2017, respectively. Interest expense of $34,204,500 and $36,504,000 was paid for the period ended September 30, 2018 and for the year ended December 31, 2017, respectively.

Changes in bonds payable for the period ending September 30, 2018:

Description	Bonds Outstanding December 31, 2017	Bonds Issued	Bonds Matured	Bonds Outstanding September 30, 2018
Taxable Series 2014	$ 414,600,000	$ -	$46,100,000	$ 368,500,000

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

Year	Amount
2019	49,900,000
2020	54,000,000
2021	58,500,000
2022	63,300,000
Thereafter	142,800,000
On Demand	-
Total	$ 368,500,000

B. FHLB (Federal Home Loan Bank) Agreements

Not applicable

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

No significant change

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

In August 2017, Hurricane Harvey impacted the Texas Coast and impacted the Association. Ultimate loss and loss adjustment expenses from Hurricane Harvey are estimated to be approximately $1,610,000,000. Texas Insurance Code 2210 allows the Association to assess member companies relating to Class 1 member assessments up to $500,000,000. A Class 1 member assessment was approved by the Texas Department of Insurance Commissioner (Commissioner) on May 25, 2018 for $175,000,000 and a second assessment on August 29, 2018 for $106,819,778 of which $279,620,537 has been collected as of the issuance of this statement. One insurance group has disputed their participation of the assessment totaling $2,199,241 which has been non-admitted as of September 30, 2018. Any uncollected assessment can be reallocated to other carriers if the dispute is resolved in favor of this group. Further assessments will be made as needed as Hurricane Harvey paid loss development matures. As of September 30, 2018, the deficit of the Association is $206,465,974.

The Association accrued a statutory expense payable for the 9 months ended September 30, 2018 in the amount of $65,830,041 based on the direction of the TDI based on its interpretation of the relevant statues. TDI's directive required the Association to determine its net gain from operations based on accident-year incurred losses, rather than calendar year reported losses. At the end of calendar year 2018, the Association shall use the net gain from operations of the Association, to make payments to the Catastrophe Reserve Trust Fund (CRTF), procure reinsurance, or use alternative risk financing mechanisms. Although the $65,830,041 will not be presented as an asset on the statutory balance sheet of the Association, once contributed to the CRTF these funds will be held in trust with the TTSTC and will be available for the exclusive use of the association to pay losses and expenses of the association as permitted by law.

NOTES TO FINANCIAL STATEMENTS

Note 14 – Liabilities, Contingencies and Assessments

A. Capital Commitments

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

B. Assessments

Not applicable

C. Gain Contingencies

Not applicable

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

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

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

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

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

Indicate whether claim count information is disclosed per claim or per claimant:
(f) Per Claim [X] (g) Per Claimant [ ]

E. Product Warranties

Not applicable

F. Joint and Several Liabilities

Not applicable

G. Other Contingencies

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

Note 15 – Leases

A. Lessee Leasing Arrangements

No significant changes

B. Lessor Leasing Arrangements

Not applicable

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

Not applicable

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

Not applicable

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

Not applicable

NOTES TO FINANCIAL STATEMENTS

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

Not applicable

Note 20 – Fair Value Measurements

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

Not applicable

B. Other Fair Value Disclosures

Not applicable

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

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

Type or Class of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3
Cash, cash equivalents and short-term investments	$ 675,577,457	675,577,457	675,577,457	$ -	$ -

D. Items for which Not Practicable to Estimate Fair Values

Not applicable

Note 21 – Other Items

A. Unusual or Infrequent Items

See Note 13

B. Troubled Debt Restructuring for Debtors

Not applicable

C. Other Disclosures

None

D. Business Interruption Insurance Recoveries

Not applicable

E. State Transferable and Non-transferable Tax Credits

Not applicable

F. Subprime Mortgage Related Risk Exposure

Not applicable

G. Insurance Linked Securities

The Association has ceded risks to a reinsurer during 2018 and 2017 who in-turn issued Catastrophe Bonds ("CAT Bonds"). Funds from the issuance of the CAT Bonds are held in trust. Certain events can bring rise to the Association to recover on ceded losses.

Management of Risk Related To:	Number of Outstanding Contracts	Aggregate Maximum Proceeds
(1) Directly Written Insurance Risks		
a. ILS Contracts as Issuer	-	-
b. ILS Contracts as Ceding Insurer	3	$1,200,000,000
c. ILS Contracts as Counterparty	-	-
(2) Assumed Insurance Risks		
a. ILS Contracts as Issuer	-	-
b. ILS Contracts as Ceding Insurer	-	-
c. ILS Contracts as Counterparty	-	-

NOTES TO FINANCIAL STATEMENTS

Note 22 – Events Subsequent

The Association has evaluated subsequent events occurring after September 30, 2018, the date of the most recent balance sheet, through the issuance of the financial statements. The Association does not believe any subsequent events have occurred that would require further disclosure or adjustment to the statutory financial statements.

Note 23 - Reinsurance

A. Unsecured Reinsurance Recoverables

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

NAIC Code	Federal ID #	Name of Reinsurer	Amount
14568	46-1168622	Maison Insurance Company	3,159
15545	47-1005834	Woodlands Insurance Company	6,098
10969	59-5360143	United Property & Casualty Insurance Company	15,243
14930	90-0797817	Weston Insurance Company	77,738
15341	46-3943172	SafePoint Insurance Company	10,374

B. Reinsurance Recoverables in Dispute

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

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

C. Reinsurance Assumed and Ceded

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

	Assumed		Ceded		Assumed Less Ceded	
	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
a. Affiliates						
b. All other			$36,218,133	$675,637	($36,218,133)	($675,637)
c. Totals			$36,218,133	$675,637	($36,218,133)	($675,637)
d. Direct Unearned Premium Reserve				$219,312,100		

2. No accrual exists at the end of the current year for additional or return commission, predicated on loss experience or on any other form of profit sharing agreements in this annual statement as a result of existing contractual arrangements.

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

D. Uncollectible Reinsurance

None

E. Commutation of Ceded Reinsurance

Not applicable

F. Retroactive Reinsurance

Not applicable

NOTES TO FINANCIAL STATEMENTS

G. Reinsurance Accounted for as a Deposit

Not applicable

H. Run-off Agreements

Not applicable

I. Certified Reinsurer Downgrades or Status Subject to Revocation

Not applicable

J. Reinsurance Agreements Qualifying for Reinsurer Aggregation

Not applicable

Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not applicable

Note 25 – Changes in Incurred Losses and Loss Adjustment Expenses

A.

	3Q YTD 2018	FY 2017
Balance as of January 1,	$415,213,261	$53,501,529
Less: Reinsurance Recoverable	478,995	42,967
Net Balance at January 1,	414,734,266	53,458,562
Incurred, net of reinsurance, related to:		
Current year	15,436,093	1,484,930,939
Prior years	156,360,407	(9,628,776)
Net Incurred	171,796,500	1,475,302,163
Paid, net of reinsurance, related to:		
Current year	(9,833,700)	(1,102,891,407)
Prior years	(323,699,784)	(11,135,053)
Net Paid Losses	(333,533,484)	(1,114,026,459)
Net Balance at period end	252,997,283	414,734,266
Plus: Reinsurance Recoverable	104,942	478,995
Balance at period end	$ 253,102,225	$ 415,213,261

Current year changes in estimates of the costs of prior year losses and loss adjustment expenses (LAE) affect the current year Statement of Income. Increases in those estimates increase current year expense and are referred to as unfavorable development or prior year reserve shortages. Decreases in those estimates decrease current year expense and are referred to as favorable development or prior year reserve redundancies. Current calendar year losses and LAE reflected on the Statement of Income of $171,796,500 are higher by $156,360,407 due to unfavorable development of prior year estimates, primarily due to the increase in estimate of Hurricane Harvey gross ultimate loss and LAE in accident year 2017 as a greater number and severity of supplemental payments on reopened claims occurring in the third quarter of 2018. Increases or decreases of this nature occur as the result of claim settlements and receipt and evaluation of additional information regarding unpaid claims. Recent development trends are also taken into account in evaluating the overall adequacy of reserves. During August 2017, the Association was impacted by Hurricane Harvey. Ultimate loss and loss adjustment expenses from Hurricane Harvey are estimated to be approximately $1,610,000,000 as of September 30, 2018. The appointed actuary for the Association has opined that the loss and LAE reserves as of September 30, 2018 make a reasonable provision for Texas Windstorm Insurance Association's claim liabilities.

B. Not applicable

Note 26 – Intercompany Pooling Arrangements

Not applicable

Note 27 – Structured Settlements

Not applicable

Note 28 – Health Care Receivables

Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 29 – Participating Policies

Not applicable

Note 30 – Premium Deficiency Reserves

The Association did not record a premium deficiency reserve for 2017.

Note 31 – High Deductibles

Not applicable

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

Not applicable

Note 33 – Asbestos and Environmental Reserves

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

Note 34 – Subscriber Savings Accounts

Not applicable

Note 35 – Multiple Peril Crop Insurance

Not applicable

Note 36 – Financial Guaranty Insurance

A. and B. Not applicable

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

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

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

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

2.2 If yes, date of change: ____________

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

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

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

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

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

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

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

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

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

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

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

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2012

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 10/24/2014

6.4 By what department or departments?
Texas Department of Insurance

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

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

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

GENERAL INTERROGATORIES

7.2 If yes, give full information

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

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

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

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

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

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

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

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

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

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

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

FINANCIAL

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

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

INVESTMENT

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

GENERAL INTERROGATORIES

11.2 If yes, give full and complete information relating thereto:
Monies held at the Texas Treasury Safekeeping Trust Company are restricted for hurricane losses or debt service for the 2014 bonds. See footnotes 5 and 11 in the 2018 Quarterly Statement for additional information.

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

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

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

14.2 If yes, please complete the following:

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

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

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

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

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

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

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

1 Name of Custodian(s)	2 Custodian Address

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

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

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? Yes [ ] No [X]

GENERAL INTERROGATORIES

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

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

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

1 Name of Firm or Individual	2 Affiliation
John Polak	I
Jerome Fadden	I
Texas Treasury Safekeeping Trust Company	U

17.5097 For those firms/individuals listed in the table for Question 17.5, do any firms/individuals unaffiliated with the reporting entity (i.e., designated with a “U”) manage more than 10% of the reporting entity’s assets? Yes [X] No [ ]

17.5098 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a “U”) listed in the table for Question 17.5, the total assets under management aggregate to more than 50% of the reporting entity’s assets? Yes [ ] No [X]

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

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

18.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed? Yes [ ] No [X]

18.2 If no, list exceptions:
The Texas Windstorm Insurance Association did not file with the SVO.

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

a. Documentation necessary to permit a full credit analysis of the security does not exist.

b. Issuer or obligor is current on all contracted interest and principal payments.

c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

Has the reporting entity self-designated 5*GI securities? Yes [ ] No [X]

GENERAL INTERROGATORIES

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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

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

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

3.2 If yes, give full and complete information thereto:

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

4.2 If yes, complete the following schedule:

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

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

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

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

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

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

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

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

SCHEDULE F - CEDED REINSURANCE

Showing All New Reinsurers - Current Year to Date

1 NAIC Company Code	2 ID Number	3 Name of Reinsurer	4 Domiciliary Jurisdiction	5 Type of Reinsurer	6 Certified Reinsurer Rating (1 through 6)	7 Effective Date of Certified Reinsurer Rating
		All Other Insurers				
0	AA-1464104	Allianz Risk Transfer AG (Bermuda Branch) (Nephila business), Pembroke	BMU	Unauthorized		
0	AA-1120083	Ariel Re Bda Limited obo Argo Re Ltd	BMU	Authorized		
0	13-3138390	Navigators Insurance Company	United States	Authorized		
0	31-0542366	The Cincinnati Insurance Company	United States	Authorized		
0	none	Ascot Reinsurance Company Limited Formerly Atherton Bermuda Reinsurance Co Ltd.	GBR	Unauthorized		
0	AA-1120175	Fidelis Underwriting Limited - Lirma F0012	GBR	Authorized		
0	AA-1120179	Lloyd's Underwriter Syndicate No. 2988 BRT	GBR	Authorized		

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year To Date - Allocated by States and Territories

			Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		1	2	3	4	5	6	7
States, Etc.		Active Status (a)	Current Year to Date	Prior Year to Date	Current Year to Date	Prior Year to Date	Current Year to Date	Prior Year to Date
1. Alabama	AL	N						
2. Alaska	AK	N						
3. Arizona	AZ	N						
4. Arkansas	AR	N						
5. California	CA	N						
6. Colorado	CO	N						
7. Connecticut	CT	N						
8. Delaware	DE	N						
9. District of Columbia	DC	N						
10. Florida	FL	N						
11. Georgia	GA	N						
12. Hawaii	HI	N						
13. Idaho	ID	N						
14. Illinois	IL	N						
15. Indiana	IN	N						
16. Iowa	IA	N						
17. Kansas	KS	N						
18. Kentucky	KY	N						
19. Louisiana	LA	N						
20. Maine	ME	N						
21. Maryland	MD	N						
22. Massachusetts	MA	N						
23. Michigan	MI	N						
24. Minnesota	MN	N						
25. Mississippi	MS	N						
26. Missouri	MO	N						
27. Montana	MT	N						
28. Nebraska	NE	N						
29. Nevada	NV	N						
30. New Hampshire	NH	N						
31. New Jersey	NJ	N						
32. New Mexico	NM	N						
33. New York	NY	N						
34. North Carolina	NC	N						
35. North Dakota	ND	N						
36. Ohio	OH	N						
37. Oklahoma	OK	N						
38. Oregon	OR	N						
39. Pennsylvania	PA	N						
40. Rhode Island	RI	N						
41. South Carolina	SC	N						
42. South Dakota	SD	N						
43. Tennessee	TN	N						
44. Texas	TX	L	319,359,297	341,295,405	263,606,060	299,218,438	199,523,167	705,602,249
45. Utah	UT	N						
46. Vermont	VT	N						
47. Virginia	VA	N						
48. Washington	WA	N						
49. West Virginia	WV	N						
50. Wisconsin	WI	N						
51. Wyoming	WY	N						
52. American Samoa	AS	N						
53. Guam	GU	N						
54. Puerto Rico	PR	N						
55. U.S. Virgin Islands	VI	N						
56. Northern Mariana Islands	MP	N						
57. Canada	CAN	N						
58. Aggregate Other Alien	OT	XXX						
59. Totals		XXX	319,359,297	341,295,405	263,606,060	299,218,438	199,523,167	705,602,249

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

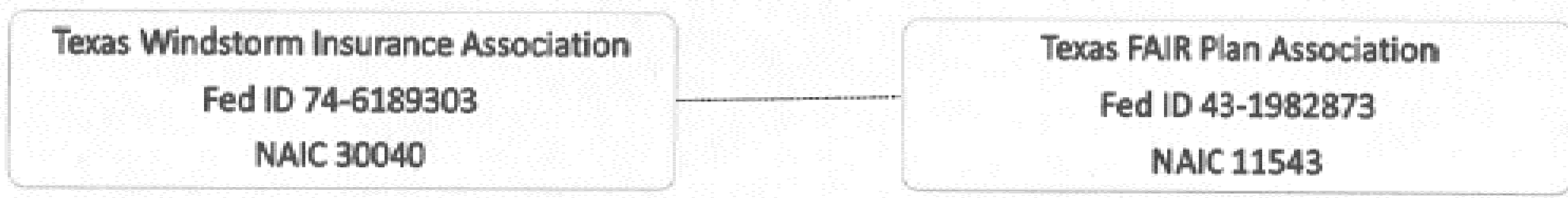
NONE

(a) Active Status Counts

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

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

PART 1 - ORGANIZATIONAL CHART



SCHEDULE Y

PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1 Group Code	2 Group Name	3 NAIC Company Code	4 ID Number	5 Federal RSSD	6 CIK	7 Name of Securities Exchange if Publicly Traded (U.S. or International)	8 Names of Parent, Subsidiaries Or Affiliates	9 Domiciliary Location	10 Relationship to Reporting Entity	11 Directly Controlled by (Name of Entity / Person)	12 Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	13 If Control is Ownership Provide Percentage	14 Ultimate Controlling Entity(ies)/Person(s)	15 Is an SCA Filing Required? (Y/N)	16 *
4766		30040	74-6189303				Texas Windstorm Insurance Association	TX	CON	Unaffiliated	Service Contract			N	
4766		11543	43-1982873				Texas FAIR Plan Association	TX	CON	Unaffiliated	Service Contract			N	

Asterik	Explanation
	NONE

PART 1 – LOSS EXPERIENCE

Lines of Business	Current Year to Date 1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	4 Prior Year to Date Direct Loss Percentage
1. Fire				
2. Allied lines	309,499,725	104,524,471	33.8	280.1
3. Farmowners multiple peril				
4. Homeowners multiple peril				
5. Commercial multiple peril				
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine				
10. Financial guaranty				
11.1 Medical professional liability-occurrence				
11.2 Medical professional liability-claims made				
12. Earthquake				
13. Group accident and health				
14. Credit accident and health				
15. Other accident and health				
16. Workers' compensation				
17.1 Other liability-occurrence				
17.2 Other liability-claims made				
17.3 Excess Workers' Compensation				
18.1 Products liability-occurrence				
18.2 Products liability-claims made				
19.1, 19.2 Private passenger auto liability				
19.3, 19.4 Commercial auto liability				
21. Auto physical damage				
22. Aircraft (all perils)				
23. Fidelity				
24. Surety				
26. Burglary and theft				
27. Boiler and machinery				
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-Nonproportional Assumed Property	XXX	XXX	XXX	XXX
32. Reinsurance-Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
33. Reinsurance-Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business				
35. TOTALS	309,499,725	104,524,471	33.8	280.1

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

PART 2 – DIRECT PREMIUMS WRITTEN

Lines of Business	1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1. Fire			
2. Allied lines	115,098,363	319,359,297	341,295,405
3. Farmowners multiple peril			
4. Homeowners multiple peril			
5. Commercial multiple peril			
6. Mortgage guaranty			
8. Ocean marine			
9. Inland marine			
10. Financial guaranty			
11.1 Medical professional liability-occurrence			
11.2 Medical professional liability-claims made			
12. Earthquake			
13. Group accident and health			
14. Credit accident and health			
15. Other accident and health			
16. Workers' compensation			
17.1 Other liability-occurrence			
17.2 Other liability-claims made			
17.3 Excess Workers' Compensation			
18.1 Products liability-occurrence			
18.2 Products liability-claims made			
19.1, 19.2 Private passenger auto liability			
19.3, 19.4 Commercial auto liability			
21. Auto physical damage			
22. Aircraft (all perils)			
23. Fidelity			
24. Surety			
26. Burglary and theft			
27. Boiler and machinery			
28. Credit			
29. International			
30. Warranty			
31. Reinsurance-Nonproportional Assumed Property	XXX	XXX	XXX
32. Reinsurance-Nonproportional Assumed Liability	XXX	XXX	XXX
33. Reinsurance-Nonproportional Assumed Financial Lines	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business			
35. TOTALS	115,098,363	319,359,297	341,295,405

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

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

Years in Which Losses Occurred	1 Prior Year-End Known Case Loss and LAE Reserves	2 Prior Year-End IBNR Loss and LAE Reserves	3 Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	4 2018 Loss and LAE Payments on Claims Reported as of Prior Year-End	5 2018 Loss and LAE Payments on Claims Unreported as of Prior Year-End	6 Total 2018 Loss and LAE Payments (Cols 4 + 5)	7 Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year-End	8 Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year-End	9 Q.S. Date IBNR Loss & LAE Reserves	10 Total Q.S. Loss and LAE Reserves (Cols 7 + 8 + 9)	11 Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 4 + 7 - 1)	12 Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 5 + 8 + 9 - 2)	13 Prior Year-End Total Loss and LAE Reserve Developed (Savings)/Deficiency (Cols. 11 + 12)
1. 2015 + prior	7,083	23,406	30,489	2,827	1	2,828	4,554		22,282	26,836	298	(1,123)	(825)
2. 2016	579	1,627	2,206	409	1	410	345		648	993	175	(978)	(803)
3. Subtotals 2016 + prior	7,662	25,033	32,695	3,236	2	3,238	4,899		22,930	27,829	473	(2,101)	(1,628)
4. 2017	71,797	310,242	382,039	308,159	12,303	320,462	72,406	1,598	145,562	219,566	308,768	(150,779)	157,989
5. Subtotals 2017 + prior	79,459	335,275	414,734	311,395	12,305	323,700	77,305	1,598	168,492	247,395	309,241	(152,880)	156,361
6. 2018	X X X	X X X	X X X	X X X	9,834	9,834	X X X	1,448	4,155	5,603	X X X	X X X	X X X
7. Totals	79,459	335,275	414,734	311,395	22,139	333,534	77,305	3,046	172,647	252,998	309,241	(152,880)	156,361

8. Prior Year-End Surplus As Regards Policyholders (461,390)

Col. 11, Line 7 As % of Col. 1, Line 7	Col. 12, Line 7 As % of Col. 2, Line 7	Col. 13, Line 7 As % of Col. 3, Line 7
1. 389.183	2. -45.598	3. 37.702

Col. 13, Line 7
Line 8

4. -33.889

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

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

Explanation:

Question 1: Not required.

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

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

Bar Code:

30040201849000030

30040201845500030

30040201836500030

OVERFLOW PAGE FOR WRITE-INS

Page 2 - Continuation

ASSETS

	Current Year			Prior Year
	1	2	3	4
REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR OTHER THAN INVESTED ASSETS	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
2504. Accounts Receivable - Premium Finance	84,840		84,840	66,870
2505. Due from Depop Carriers - Assumption	5,197		5,197	18,165
2597. Totals (Lines 2501 through 2596) (Page 2, Line 2598)	90,037		90,037	85,035

OVERFLOW PAGE FOR WRITE-INS

Page 3 - Continuation

LIABILITIES, SURPLUS AND OTHER FUNDS

REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR LIABILITIES	1 Current Statement Date	2 December 31, Prior Year
2504. Deferred rent liability	502,996	545,304
2505. Surcharge payable	395,509	292,687
2506. Escheat funds	135,149	874,457
2507. Due to Depop Carriers - Assumption	1,517	
2597. Totals (Lines 2504 through 2596) (Page 3, Line 2598)	1,035,171	1,712,448

NONE Schedule A, B, BA and D Verification

NONE Schedule D - Part 1B

NONE Schedule DA - Part 1 and Verification

NONE Schedule DB - Part A and B Verification

NONE Schedule DB - Part C - Section 1

NONE Schedule DB - Part C - Section 2

NONE Schedule DB - Verification

SCHEDULE E PART 2 - VERIFICATION

(Cash Equivalents)

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	466,386,946	535,801,946
2. Cost of cash equivalents acquired	211,076,328	186,675,841
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals	307,839,284	256,090,841
7. Deduct amortization of premium		
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	369,623,990	466,386,946
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	369,623,990	466,386,946

NONE **Schedule A - Part 2 and 3**

NONE **Schedule B - Part 2 and 3**

NONE **Schedule BA - Part 2 and 3**

NONE **Schedule D - Part 3**

NONE **Schedule D - Part 4**

NONE **Schedule DB - Part A - Section 1**

NONE **Schedule DB - Part B - Section 1**

NONE **Schedule DB - Part D - Section 1**

NONE **Schedule DB - Part D - Section 2**

SCHEDULE DL - PART 1

SECURITIES LENDING COLLATERAL ASSETS

Reinvested Collateral Assets Owned Current Statement Date
(Securities lending collateral assets reported in aggregate on Line 10 of the Assets page
and not included on Schedules A, B, BA, D DB and E)

1 CUSIP Identification	2 Description	3 Code	4 NAIC Desig-nation/ Market Indicator	5 Fair Value	6 Book / Adjusted Carrying Value	7 Maturity Dates
	NONE					
9999999 Totals						X X X

General Interrogatories:
1. Total activity for the year to date Fair Value $ 0 Book/Adjusted Carrying Value $ 0
2. Average balance for the year to date Fair Value $ 0 Book/Adjusted Carrying Value $ 0
3. Reinvested securities lending collateral assets book/adjusted carrying value included in this schedule by NAIC designation:
NAIC 1 $ 0; NAIC 2 $ 0; NAIC 3 $ 0; NAIC 4 $ 0; NAIC 5 $ 0; NAIC 6 $ 0.

NONE Schedule DL - Part 2

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1		2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
				Amount of	Amount of	6	7	8	
			Rate	Interest	Interest				
			of	Received	Accrued at				
				During Current	Current				
Depository		Code	Interest	Quarter	Statement Date	First Month	Second Month	Third Month	*
Open Depositories									
Bank of America N.A.	Austin, TX		1.260	632,445		199,014,860	159,016,190	220,989,036	
Citibank, N.A.	Dallas, TX					7,948	7,753	7,558	
Citibank, N.A. - MMDA	Dallas, TX	O	0.150	97,798		20,989,066	46,012,269	46,069,030	
JP Morgan Chase Bank, N.A.	San Antonio, TX					784,424	788,503	578,319	
JP Morgan Chase Bank, N.A.	San Antonio, TX					46,496,797	38,551,697	38,309,524	
0199998 Deposits in (0) depositories that do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories		XXX	XXX						XXX
0199999 Total - Open Depositories		XXX	XXX	730,243		267,293,095	244,376,412	305,953,467	XXX
Suspended Depositories									
0299998 Deposits in (0) depositories that do not exceed the allowable limit in any one depository (see Instructions) - Suspended Depositories		XXX	XXX						XXX
0299999 Total Suspended Depositories		XXX	XXX						XXX
0399999 Total Cash on Deposit		XXX	XXX	730,243		267,293,095	244,376,412	305,953,467	XXX
0499999 Cash in Company's Office		XXX	XXX	XXX	XXX				XXX
0599999 Total		XXX	XXX	730,243		267,293,095	244,376,412	305,953,467	XXX

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 CUSIP	2 Description	3 Code	4 Date Acquired	5 Rate of Interest	6 Maturity Date	7 Book/Adjusted Carrying Value	8 Amount of Interest Due & Accrued	9 Amount Received During Year
4812C2-73-4	JP Morgan US Treasury Plus Money Market Fund - Inst Shares - Fund 3918		09/28/2018	2.040	00/00/0000	211,076,328	291,646	877,298
09248U-71-8	BlackRock Money Market Fund		09/30/2018	1.260	00/00/0000	86,521,661	83,693	1,314,989
999999-99-9	Assets Subject to Reverse Repurchase Agreement at Tx Treasury Safekeeping		09/30/2018	2.128	00/00/0000	72,026,001	12,774	897,695
8599999 Exempt Money Market Mutual Funds – as Identified by SVO						369,623,990	388,113	3,089,982
8899999 Total Cash Equivalents						369,623,990	388,113	3,089,982

NONE Trusteed Surplus Statement

NONE Medicare Part D

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

30040201845000030

SUPPLEMENT "A" TO SCHEDULE T

EXHIBIT OF MEDICAL PROFESSIONAL LIABILITY PREMIUMS WRITTEN ALLOCATED BY STATES AND TERRITORIES

		1	2	Direct Losses Paid		5	Direct Losses Unpaid		8
				3	4		6	7	
	States, Etc.	Direct Premiums Written	Direct Premiums Earned	Amount	Number of Claims	Direct Losses Incurred	Amount Reported	Number of Claims	Direct Losses Incurred But Not Reported
1.	Alabama AL	0	0	0	0	0	0	0	0
2.	Alaska AK	0	0	0	0	0	0	0	0
3.	Arizona AZ	0	0	0	0	0	0	0	0
4.	Arkansas AR	0	0	0	0	0	0	0	0
5.	California CA	0	0	0	0	0	0	0	0
6.	Colorado CO	0	0	0	0	0	0	0	0
7.	Connecticut CT	0	0	0	0	0	0	0	0
8.	Delaware DE	0	0	0	0	0	0	0	0
9.	District of Columbia DC	0	0	0	0	0	0	0	0
10.	Florida FL	0	0	0	0	0	0	0	0
11.	Georgia GA	0	0	0	0	0	0	0	0
12.	Hawaii HI	0	0	0	0	0	0	0	0
13.	Idaho ID	0	0	0	0	0	0	0	0
14.	Illinois IL	0	0	0	0	0	0	0	0
15.	Indiana IN	0	0	0	0	0	0	0	0
16.	Iowa IA	0	0	0	0	0	0	0	0
17.	Kansas KS	0	0	0	0	0	0	0	0
18.	Kentucky KY	0	0	0	0	0	0	0	0
19.	Louisiana LA	0	0	0	0	0	0	0	0
20.	Maine ME	0	0	0	0	0	0	0	0
21.	Maryland MD	0	0	0	0	0	0	0	0
22.	Massachusetts MA	0	0	0	0	0	0	0	0
23.	Michigan MI	0	0	0	0	0	0	0	0
24.	Minnesota MN	0	0	0	0	0	0	0	0
25.	Mississippi MS	0	0	0	0	0	0	0	0
26.	Missouri MO	0	0	0	0	0	0	0	0
27.	Montana MT	0	0	0	0	0	0	0	0
28.	Nebraska NE	0	0	0	0	0	0	0	0
29.	Nevada NV	0	0	0	0	0	0	0	0
30.	New Hampshire NH	0	0	0	0	0	0	0	0
31.	New Jersey NJ	0	0	0	0	0	0	0	0
32.	New Mexico NM	0	0	0	0	0	0	0	0
33.	New York NY	0	0	0	0	0	0	0	0
34.	North Carolina NC	0	0	0	0	0	0	0	0
35.	North Dakota ND	0	0	0	0	0	0	0	0
36.	Ohio OH	0	0	0	0	0	0	0	0
37.	Oklahoma OK	0	0	0	0	0	0	0	0
38.	Oregon OR	0	0	0	0	0	0	0	0
39.	Pennsylvania PA	0	0	0	0	0	0	0	0
40.	Rhode Island RI	0	0	0	0	0	0	0	0
41.	South Carolina SC	0	0	0	0	0	0	0	0
42.	South Dakota SD	0	0	0	0	0	0	0	0
43.	Tennessee TN	0	0	0	0	0	0	0	0
44.	Texas TX	0	0	0	0	0	0	0	0
45.	Utah UT	0	0	0	0	0	0	0	0
46.	Vermont VT	0	0	0	0	0	0	0	0
47.	Virginia VA	0	0	0	0	0	0	0	0
48.	Washington WA	0	0	0	0	0	0	0	0
49.	West Virginia WV	0	0	0	0	0	0	0	0
50.	Wisconsin WI	0	0	0	0	0	0	0	0
51.	Wyoming WY	0	0	0	0	0	0	0	0
52.	American Samoa AS	0	0	0	0	0	0	0	0
53.	Guam GU	0	0	0	0	0	0	0	0
54.	Puerto Rico PR	0	0	0	0	0	0	0	0
55.	US Virgin Islands VI	0	0	0	0	0	0	0	0
56.	Northern Mariana Islands MP	0	0	0	0	0	0	0	0
57.	Canada CAN	0	0	0	0	0	0	0	0
58.	Aggregate Other Alien OT	0	0	0	0	0	0	0	0
59.	Totals	0	0	0	0	0	0	0	0

NONE

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

NONE

DIRECTOR AND OFFICER INSURANCE COVERAGE SUPPLEMENT

Year To Date For The Period Ended 2018

NAIC Group Code 4766

NAIC Company Code 30040

Company Name Texas Windstorm Insurance Association

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

1. Monoline Policies

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

2. Commercial Multiple Peril (CMP) Packaged Policies

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

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

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

2.31 Amount quantified: $ ____________

2.32 Amount estimated using reasonable assumptions: $ ____________

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