Texas Windstorm Insurance Association

Statutory Financial Statements and Supplemental Information

Years Ended December 31, 2025 and 2024

ctm Calhoun, Thomson+Matza, LLP
Certified Public Accountants

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Accountants' Letter of Qualifications

Board of Directors
Texas Windstorm Insurance Association

We have audited, in accordance with auditing standards generally accepted in the United States of America, the statutory financial statements of Texas Windstorm Insurance Association (the "Association") for the years ended December 31, 2025 and 2024, and have issued our report thereon dated May 6, 2026. In connection therewith, we advise you as follows:

a. We are independent certified public accountants with respect to the Association and conform to the standards of the accounting profession as contained in the Code of Professional Conduct and pronouncements of the American Institute of Certified Public Accountants, and the Rules of Professional Conduct of the Texas State Board of Public Accountancy.

b. The engagement director, who is a certified public accountant, has 21 years of experience in public accounting and is experienced in auditing insurance enterprises. Members of the engagement team, most of whom have had experience in auditing insurance enterprises and most of whom are certified public accountants, were assigned to perform tasks commensurate with their training and experience.

c. We understand that the Association intends to file its audited statutory financial statements and our report thereon with the Texas Department of Insurance and that the Insurance Commissioner of that state will be relying on that information in monitoring and regulating the statutory financial condition of the Association.

   While we understand that an objective of issuing a report on the statutory financial statements is to satisfy regulatory requirements, our audit was not planned to satisfy all objectives or responsibilities of insurance regulators. In this context, the Association and Insurance Commissioner should understand that the objective of an audit of statutory financial statements in accordance with auditing standards generally accepted in the United States of America is to form an opinion and issue a report on whether the statutory financial statements present fairly, in all material respects, the admitted assets, liabilities, surplus and other funds, results of operations and cash flows in conformity with accounting practices prescribed or permitted by the Texas Department of Insurance. Consequently, under auditing standards generally accepted in the United States of America, we have the responsibility, within the inherent limitations of the auditing process, to plan and perform our audit to obtain reasonable assurance about whether the statutory financial statements are free of material misstatement, whether caused by error or fraud, and to exercise due professional care in the conduct of the audit. The concept of selective testing of the data being audited, which involves judgment both as to the number of transactions to be audited and the areas to be tested, has been generally accepted as a valid and sufficient basis for an auditor to express an opinion on financial statements. Audit procedures that are effective for detecting errors, if they exist, may be ineffective for detecting misstatements resulting from fraud. Because of the characteristics of fraud, particularly those involving concealment and falsified documentation (including forgery), a properly planned and performed audit may not detect a material misstatement resulting from fraud. In addition, an audit does not address the possibility

that material misstatements resulting from fraud may occur in the future. Also, our use of professional judgment and the assessment of materiality for the purpose of our audit means that matters may exist that would have been assessed differently by the Insurance Commissioner.

It is the responsibility of the management of the Association to adopt sound accounting policies, to maintain an adequate and effective system of accounts, and to establish and maintain an internal control structure that will, among other things, provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with accounting practices prescribed or permitted by the Texas Department of Insurance.

The Insurance Commissioner should exercise due diligence to obtain whatever other information that may be necessary for the purpose of monitoring and regulating the statutory financial position of insurers and should not rely solely upon the independent auditor's report.

d. We will retain the workpapers prepared in the conduct of our audit until the Texas Department of Insurance has filed a Report of Examination covering 2025, but not longer than seven years. After notification to the Association, we will make the workpapers available for review by the Texas Department of Insurance at the offices of the insurer, at our offices, at the Insurance Department or at any other reasonable place designated by the Insurance Commissioner. Furthermore, in the conduct of the aforementioned periodic review by the Texas Department of Insurance, photocopies of pertinent audit working papers may be made (under the control of the accountant) and such copies may be retained by the Texas Department of Insurance.

e. The engagement director has served in that capacity with respect to the Association since 2023, is licensed by the Texas State Board of Public Accountancy, and is a member in good standing of the American Institute of Certified Public Accountants.

f. To the best of our knowledge and belief, we are in compliance with the requirements of section 7 of the NAIC's Model Rule (Regulation) Requiring Annual Audited Financial Reports regarding qualifications of independent certified public accountants.

This letter is intended solely for the information and use of the Texas Department of Insurance and is not intended to be and should not be used by anyone other than these specified parties.



May 6, 2026

Calhoun, Thomson+Matza LLP
Certified Public Accountants

Austin, Texas
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Independent Auditors' Report

Board of Directors
Texas Windstorm Insurance Association
Austin, Texas

Opinions on Statutory Basis of Accounting

We have audited the statutory basis financial statements of Texas Windstorm Insurance Association (the "Association"), which comprise the statutory basis statements of admitted assets, liabilities, surplus and other funds as of December 31, 2025 and 2024, and the related statutory statements of income and changes in surplus and other funds, and cash flows for the years then ended, and the related notes to the statutory basis financial statements.

Unmodified Opinion on Statutory Basis of Accounting

In our opinion, the accompanying statutory basis financial statements present fairly, in all material respects, the admitted assets, liabilities, surplus and other funds of the Association as of December 31, 2025 and 2024, and the results of its operations, changes in its surplus and other funds, and its cash flows for the years then ended in accordance with the statutory accounting practices prescribed or permitted by the Texas Department of Insurance as described in the Summary of Significant Accounting Policies – "Basis of Accounting".

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of the report, the statutory basis financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Association as of December 31, 2025 and 2024, or the results of its operations, changes in its surplus and others funds, and its cash flows for the years then ended.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Statutory Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in the Summary of Significant Accounting Policies – "Basis of Accounting" of the statutory basis financial statements, the statutory basis financial statements are prepared by the Association on the basis of the accounting practices prescribed or permitted by the Texas Department of Insurance, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Because of the differences between statutory basis accounting principles and accounting principles generally accepted in the United States of America identified above, as of December 31, 2025 and 2024 total assets were lower by approximately $25.7 million and $26.6 million, respectively. The differences identified above reduced total net position as of December 31, 2025 and 2024 by approximately $16.9 million and $13.3 million, respectively. The effects on change in net position for the years ended December 31, 2025 and 2024 were immaterial.

Emphasis of Matters

As of December 31, 2025, the Association had approximately $141.3 billion of insurance exposure in certain designated counties located in the gulf coast region of the State of Texas. By state statute, any net gain from operations must be paid to the Catastrophe Reserve Trust Fund ("CRTF"). As of December 31, 2025, the balance in the CRTF was approximately $14.1 million. If a major claim event occurs in the future, it could have a severe impact on the financial condition of the Association. The auditors' opinion is not modified with respect to the matter emphasized.

In accordance with Senate Bill 900 ("SB 900") passed by the Texas Legislature during 2015, the Association is authorized to place $1.0 billion in public securities and assess member insurance companies $1.0 billion to fund catastrophic losses. The Association does not have taxing authority. In addition, the public securities, if issued, will not be guaranteed by any state or federal agency. Consequently, the ability of the Association to place all these public securities and the sufficiency of that amount to cover future losses will depend upon market conditions and the financial and operating results of the Association. House Bill 3689 ("HB 3689") was signed by the Texas House of Representatives and Senate during the 89th Texas Legislature's Regular Session and passed on June 20, 2025. HB 3689 establishes a new approach for TWIA to fund excess losses and operating expenses in future years, focusing on state-funded financing arrangements instead of public securities. The auditors' opinion is not modified with respect to the matter emphasized.

Ultimate loss projections for Hurricane Beryl were estimated to be $545 million by the Association's appointed actuary as of December 31, 2025. If the ultimate loss projection changes in the future it could have a material adverse effect on the financial condition of the Association. The auditors' opinion is not modified with respect to the matter emphasized.

Responsibilities of Management for the Statutory Financial Statements

Management is responsible for the preparation and fair presentation of these statutory basis financial statements in accordance with accounting practices prescribed or permitted by the Texas Department of Insurance. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the statutory basis financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the statutory basis financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern within one year after the date that the statutory basis financial statements are issued or available to be issued.

Auditors' Responsibilities for the Audit of the Statutory Financial Statements

Our objectives are to obtain reasonable assurance about whether the statutory basis financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the statutory basis financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the statutory basis financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the statutory basis financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the statutory basis financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matter – Supplementary Information

Our audits of the statutory basis financial statements were conducted for the purpose of forming an opinion on those statutory basis financial statements taken as a whole. The accompanying supplemental summary investment schedule, investment risk interrogatories, and the reinsurance interrogatories as of and for the year ended December 31, 2025, are presented for purposes of additional analysis and are not a required part of the basic statutory basis financial statements but is supplementary information required by the National Association of Insurance Commissioners' Accounting Practices and Procedures Manual and Texas state law.

The accompanying supplementary information is the responsibility of the Association's management and were derived from and relate directly to the underlying accounting and other records used to prepare the statutory basis financial statements. Such information has been subjected to the auditing procedures applied in our audits of the statutory basis financial statements and certain additional procedures, including comparing and reconciling such schedules directly to the underlying accounting and other records used to prepare the statutory basis financial statements or to the statutory basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the basic statutory basis financial statements taken as a whole.



May 6, 2026

Texas Windstorm Insurance Association

Statutory Statements of Admitted Assets, Liabilities, Surplus and Other Funds
(Amounts in Thousands)

December 31,		**2025**		2024
Admitted Assets				
Cash and cash equivalents	**$**	**735,549**	$	261,866
Uncollected premiums and agents' balances in the course of collection		**10,041**		8,234
Deferred premiums, agents' balances and installments booked but deferred		**50,550**		46,297
Other assets		**6,309**		3,254
Total admitted assets	**$**	**802,449**	$	319,651
Liabilities, Surplus and Other Funds				
Liabilities:				
Loss and loss adjustment expenses	**$**	**169,589**	$	161,475
Underwriting expenses payable		**12,252**		18,521
Unearned premiums		**417,158**		390,888
Ceded reinsurance premiums payable, net of ceding commissions		**158,756**		143,271
Statutory fund payable		**39,080**		-
Other liabilities		**23,059**		19,007
Total liabilities		**819,894**		733,162
Commitments and contingencies (Notes 6, 7, 8, 11 and 12)				
Surplus and other funds:				
Unassigned deficit		**(17,445)**		(413,511)
Total liabilities and surplus and other funds	**$**	**802,449**	$	319,651

See accompanying summary of significant accounting policies and notes to statutory financial statements.

Texas Windstorm Insurance Association

Statutory Statements of Income
(Amounts in Thousands)

Years ended December 31,		**2025**		2024
Underwriting income:				
Premiums earned	**$**	**794,595**	$	708,981
Premiums ceded		**(432,106)**		(397,070)
Net premiums earned		**362,489**		311,911
Deductions:				
Losses and loss expenses incurred		**246,190**		634,413
Underwriting expenses incurred		**161,056**		161,235
Total underwriting deductions		**407,246**		795,648
Net underwriting loss		**(44,757)**		(483,737)
Investment gain:				
Net investment gain		**22,864**		21,010
Other income:				
Statutory fund income		**462,728**		-
Total other income		**462,728**		-
Net income (loss) before statutory fund cost and federal income tax expense		**440,835**		(462,727)
Statutory fund cost		**39,080**		-
Net income (loss) before federal income tax expense		**401,755**		(462,727)
Federal income taxes incurred		**-**		-
Net income (loss)	**$**	**401,755**	$	(462,727)

See accompanying summary of significant accounting policies and notes to statutory financial statements.

Texas Windstorm Insurance Association

Statutory Statements of Changes In Surplus and Other Funds
(Amounts in Thousands)

		Unassigned Deficit
Balance at January 1, 2024	$	45,853
Net loss		(462,727)
Change in nonadmitted assets		4,974
Other		(1,611)
Balance at December 31, 2024		(413,511)
Net income		401,755
Change in nonadmitted assets		(4,140)
Other		(1,549)
Balance at December 31, 2025	$	(17,445)

See accompanying summary of significant accounting policies and notes to statutory financial statements.

Texas Windstorm Insurance Association

Statutory Statements of Cash Flows
(Amounts in Thousands)

Years ended December 31,		**2025**		2024
Cash from operations:				
Premiums collected, net of reinsurance	**$**	**397,809**	$	419,076
Net investment gain		**21,420**		22,875
Miscellaneous income		**462,728**		-
Benefit and loss related payments		**(184,270)**		(418,758)
Commissions, expenses paid and aggregate write-ins for deductions		**(220,655)**		(412,630)
Net cash from operations		**477,032**		(389,437)
Cash from financing and miscellaneous sources:				
Other cash (applied) provided		**(3,349)**		3,483
Net cash from financing and miscellaneous sources		**(3,349)**		3,483
Net change in cash and cash equivalents		**473,683**		(385,954)
Cash and cash equivalents, beginning of year		**261,866**		647,820
Cash and cash equivalents, end of year	**$**	**735,549**	$	261,866

See accompanying summary of significant accounting policies and notes to statutory financial statements.

Texas Windstorm Insurance Association

Summary of Significant Accounting Policies
(Amounts in Thousands)

Nature of Business
Based upon its statutory purpose under Chapter 2210, Tex. Ins. Code (the "Act"), the Texas Windstorm Insurance Association (the "Association") is an entity created by the Texas legislature with its primary statutory purpose being the provision of an adequate market for windstorm and hail insurance in the seacoast territory of Texas ("seacoast territory"). Chapter 2210 provides a method by which adequate windstorm and hail insurance may be obtained in certain designated portions of the seacoast territory.

The Association is intended to serve as a residual insurer of last resort for windstorm and hail insurance in the seacoast territory. The Association shall function in such a manner as to not be a direct competitor in the private market and to provide windstorm and hail insurance coverage to those who are unable to obtain that coverage in the private market.

Organization
The Association was established in 1971 by the Texas Legislature to provide wind and hail coverage to applicants unable to obtain insurance in the Texas seacoast territory from the private market. The Legislature's action was a response to market constrictions along the Texas coast after several hurricanes. The Association is governed by Chapter 2210 of the Texas Insurance Code (Chapter 2210); however, it is not a state agency and does not receive funds from the general revenue.

The Association is a residual insurer of last resort and as such is not a direct competitor in the private market. The Association's primary purpose is to provide an adequate market for windstorm and hail insurance in certain designated portions of the seacoast territory of Texas. The seacoast territory includes 14 first tier and 14 second tier coastal counties. The designated catastrophe area is that portion of the seacoast territory where the Commissioner of Insurance has found that windstorm and hail insurance is not reasonably available. It currently includes the entire first tier counties and a portion of Harris County (second tier). The specific designated catastrophe areas are: Aransas, Brazoria, Calhoun, Cameron, Chambers, Galveston, Jefferson, Kenedy, Kleberg, Matagorda, Nueces, Refugio, San Patricio and Willacy, inside the city limits and east of Highway 146, and the following portions of Harris County: La Porte, Morgan's Point, Pasadena, Seabrook, and Shore Acres.

The Association operates as an insurance company by issuing policies, collecting premiums, and paying losses. The Association is required by law to use the net gain from operations each year to make payments to the CRTF, procure reinsurance, or use alternative risk mechanisms. The CRTF is an account maintained by the Texas Comptroller dedicated to funding the payment of Association catastrophe losses.

Association policies provide residential and commercial property coverage for losses resulting from windstorm or hail. No other perils are covered by Association policies. Applications for coverage may be submitted to the Association through a property and casualty agent properly licensed through the Texas Department of Insurance ("TDI"). Applications will be accompanied by a full annual premium or a deposit followed by installment payments. In order to be eligible for an Association policy, applicants and properties must meet certain criteria defined by the Texas Legislature:

- Applicants must have been denied coverage by at least one insurer in the private market.
- Properties must be located in the designated catastrophe area.
- Properties must be certified by the TDI as having been built to applicable building codes, with limited exceptions.
- Properties located in specified flood zones that were constructed, altered, remodeled, or enlarged after September 1, 2009 and that can obtain flood insurance through the National Flood Insurance Program must provide proof of flood insurance coverage.
- Properties must be in an insurable condition as specified by the Association in the Plan of Operation.

Texas Insurance Code Sections 2210.251 and 2210.258 - 2210.259 and the Association's Plan of Operation (28 TAC 5.4001 et seq.) outline the building code and inspection requirements for eligibility in the Association and provide for limited exceptions. In accordance with these sections, the Association requires a WPI-8 certificate of compliance on all structures constructed, altered, remodeled, enlarged, repaired, or to which additions have been made on or after January 1, 1988. To obtain a WPI-8, the TDI inspectors or the TDI-approved licensed professional engineers must inspect the property and certify that it is fully compliant with the windstorm building code.

Properties must be in an insurable condition to be eligible for Association coverage, i.e. in good repair with no unrepaired damage or hazardous conditions. The Association regularly inspects properties as part of its underwriting process to verify insurability. Properties may be inspected on-site by a vendor or remotely via high-quality aerial imagery. Inspections are used to determine the accuracy of rating information, discover any unrepaired damage, and identify any other conditions that affect the insurability of the property.

Approximately $6.2 billion in funding was secured for the 2025 hurricane season. SB 900, passed by the 84th Texas Legislature, took effect during 2015, and changed the Association's funding structure. $6.2 billion is sufficient to fund claims associated with 99% of all modeled hurricane seasons, or a 1 in 100-year season as required by statute.

The Association's funding structure for the 2025 hurricane season is, in order;

- Funds available in the Catastrophe Reserve Trust Fund
- $500,000 in pre/post-event Class 1 public securities
- $500,000 in Class 1 member assessments
- $250,000 in Class 2 public securities
- $250,000 in Class 2 member assessments
- $250,000 in Class 3 public securities
- $250,000 in Class 3 member assessments
- $4.2 billion in total reinsurance, including both traditional reinsurance and catastrophe bonds

Class 1, 2, and 3 public securities will be repaid by Association premiums and surcharges on Association policies. Class 2 and 3 public securities, after a finding by the Commissioner of Insurance, may also be repaid by surcharges on coastal policyholders of all authorized property carriers, if necessary.

Basis of Accounting
The accompanying financial statements have been prepared on a statutory basis in accordance with accounting practices prescribed or permitted by the 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. Permitted statutory practices include practices not prescribed but allowed by the TDI.

Reconciliations of net income (loss) and policyholders' deficit between the amounts reported in the accompanying financial statements (Texas basis) and NAIC statutory accounting practices ("SAP") follow:

Years ended December 31,		**2025**		2024
Net income (loss), Texas basis	**$**	**401,755**	$	(462,727)
Effect of Texas prescribed practices		**-**		-
Effect of Texas permitted practices		**-**		-
Net income (loss), NAIC SAP basis	**$**	**401,755**	$	(462,727)

December 31,		**2025**		2024
Statutory deficit, Texas basis	**$**	**(17,445)**	$	(413,511)
Effect of Texas prescribed practices		**-**		-
Effect of Texas permitted practices		**-**		-
Policyholders' deficit, NAIC SAP basis	**$**	**(17,445)**	$	(413,511)

Texas Windstorm Insurance Association

Summary of Significant Accounting Policies
(Amounts in Thousands)

Significant differences between statutory accounting practices and accounting principles generally accepted in the United States of America ("GAAP"), as they relate to the Association include the following:

a) Certain assets designated as “non-admitted assets” are charged directly against surplus rather than capitalized and charged to income as used. These include certain past due member assessments, fixed assets, prepaid expenses and other assets.

b) Unearned premiums and loss and loss adjustment expense (“LAE”) reserves are presented net of related reinsurance rather than on a gross basis as required under GAAP.

Use of Significant Estimates
The preparation of financial statements in accordance with statutory accounting practices prescribed or permitted by the TDI requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents
Cash consists of demand deposits at financial institutions. Cash equivalents include short-term, highly liquid investments with original maturities of three months or less.

Furniture, Equipment and Depreciation
Furniture and equipment are stated at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful life of 3-5 years. Amounts have been non-admitted.

Income Taxes
In 2010, the Association applied for and received a Private Letter Ruling (“PLR”) from the Internal Revenue Service (“IRS”). 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 IRS 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 IRS as a property and casualty insurance company. Under the IRC 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 the open tax years that are not anticipated to be realized. As of December 31, 2025, the statute of limitations remains open for the 2022 to 2025 tax years. No further federal income tax impact is expected in the future.

Texas Windstorm Insurance Association

Summary of Significant Accounting Policies
(Amounts in Thousands)

Premiums
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. Premiums are generally recognized as revenue on a pro-rata basis over the policy term once the policy is effective.

Those premiums received for policies issued but not effective as of year-end are included in other liabilities within the Association's statutory statements of admitted assets, liabilities, surplus and other funds.

Those premiums received for policies which are not effective and not issued as of year-end are included in other liabilities within the Association's statutory statements of admitted assets, liabilities, surplus and other funds.

Premium and Maintenance Tax
On June 22, 2025, the Texas legislature passed House Bill 2517 ("HB 2517"). HB 2517 amends the Insurance Code to exempt TWIA from the property and casualty insurance premium tax and the fire and allied lines of insurance maintenance tax. These exemptions do not affect tax liability accruing before the 2023 calendar year. H.B. 2517 is effective as of September 1, 2025.

Loss and Loss Adjustment Expense Reserves
Loss and LAE reserves are based upon claim estimates for (1) losses for claims reported prior to the close of the accounting period, (2) losses incurred but unreported prior to the close of the accounting period, and (3) expenses for investigating and adjusting claims. Such liabilities are necessarily based on assumptions and estimates and while management believes the amounts are adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.

Reinsurance
In the normal course of business, the Association seeks to reduce losses that may arise from catastrophes or other events that cause unfavorable underwriting results by reinsuring certain levels of risk in various areas of exposure with other insurance enterprises or reinsurers.

Fair Value Measurements

Statement of Statutory Accounting Principles ("SSAP") No. 100, Fair Value, requires disclosures of the aggregate fair value of all financial instruments, summarized by type of financial instrument, for which it is practicable to estimate fair value. SSAP No. 100 excludes obligations for pension benefits, substantively extinguished debt, insurance contracts, lease contracts, warranty obligations and rights, investments accounted for under the equity method and equity instruments issued by the entity. Accordingly, the aggregate fair value amounts presented herein do not necessarily represent the underlying value of the Association; similarly, care should be exercised in deriving conclusions about the Association's business or financial condition based on the fair value information presented herein.

The following methods and assumptions were used by the Association to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash: The carrying values approximate fair value.

Cash equivalents: Valued at the Net Asset Value ("NAV") of units held by the Association at year end.

The following methods and assumptions were used by the Association to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

The Association is required to categorize its assets and liabilities that are measured at fair value into the three-level fair value hierarchy. The three-level fair value hierarchy is based on the degree of subjectivity inherent in the valuation method by which fair value was determined. The three levels are defined as follows:

- Level 1 – Fair values are based on quoted prices in active markets for identical assets or liabilities that the Association has the ability to access as of the measurement date.

- Level 2 – Fair values are based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or inputs that can otherwise be corroborated by observable market data.

- Level 3 – Fair values are based on inputs that are considered unobservable where there is little, if any, market activity for the asset or liability as of the measurement date. In this circumstance, the Association has to rely on values derived by independent brokers or internally-developed assumptions. Unobservable inputs are developed based on the best information available to the Association which may include the Association's own data.

1. Cash and cash equivalents

Cash and cash equivalents are as follows:

December 31,		**2025**		2024
Cash	**$**	**85,542**	$	102,511
Cash equivalents:				
Money market mutual funds		**650,007**		159,355
Total cash equivalents		**650,007**		159,355
	$	**735,549**	$	261,866

2. Furniture and Equipment

Furniture and equipment consist of the following:

December 31,		**2025**		2024
Furniture and equipment	**$**	**768**	$	768
Electronic data processing equipment and software		**25,670**		25,670
Leasehold improvements		**1,994**		1,994
		28,432		28,432
Less: accumulated depreciation		**(22,985)**		(19,710)
		5,447		8,722
Less: non-admitted furniture and equipment		**(5,447)**		(8,722)
	$	**-**	$	-

Depreciation and amortization expense was approximately $3,275 and $3,284 for the years ended December 31, 2025 and 2024, respectively.

3. Reinsurance

During 2025 and 2024, the Association entered into reinsurance agreements. These traditional agreements reduce the amount of losses that can arise from claims under a general reinsurance contract known as a catastrophe aggregate excess of loss reinsurance agreement ("aggregate excess of loss"). The other reinsurance agreements are part of 3-year catastrophe bonds placements.

Effective June 1, 2025, the reinsurance program is to indemnify the Association in respect of the liability that may accrue to the Association as a result of loss or losses under policies classified by the Association as property business, including, but not limited to residential, commercial and inland marine business, in force at the inception of these contracts, or written or renewed during the term of these contracts by or on behalf of the Association. The reinsurers, whether through the traditional or catastrophe bond placements, shall be liable in the aggregate in respect of losses occurring during the term of these contracts of 100% of the ultimate net loss over and above an initial ultimate net loss of $2,000,000, subject to a limit of liability to the reinsurers of $4,200,000.

Effective June 1, 2024, the reinsurance program is to indemnify the Association in respect of the liability that may accrue to the Association as a result of loss or losses under policies classified by the Association as property business, including, but not limited to residential, commercial and inland marine business, in force at the inception of these contracts, or written or renewed during the term of these contracts by or on behalf of the Association. The reinsurers, whether through the traditional or catastrophe bond placements, shall be liable in the aggregate in respect of losses occurring during the term of these contracts of 100% of the ultimate net loss over and above an initial ultimate net loss of $2,450,000, subject to a limit of liability to the reinsurers of $4,050,000.

Ceded reinsurance is treated as the risk and liability of the assuming companies; however, the reinsurance contracts do not relieve the Association from its obligations to policyholders. Failure of reinsurers to honor their obligations could result in losses to the Association. The Association evaluates the financial conditions of its reinsurers to minimize its exposure to significant losses from reinsurer insolvencies.

The Association has no unsecured reinsurance recoverables that exceeded 3% of the Association's surplus as of December 31, 2025 and 2024.

The effect of reinsurance on premiums written and earned for the years ended December 31, 2025 and 2024 is as follows:

	2025		2024	
	Written	**Earned**	Written	Earned
Direct premium	**$ 820,864**	**$ 794,595**	$ 758,845	$ 708,981
Excess of loss ceded premium	**(432,106)**	**(432,106)**	(397,070)	(397,070)
Net	**$ 388,758**	**$ 362,489**	$ 361,775	$ 311,911

4. Unearned Premiums

Unearned premiums are reported net of ceded unearned premiums as follows:

December 31,	**2025**	2024
Gross unearned premiums	**$ 417,158**	$ 390,888
Ceded unearned premiums	**-**	-
	$ 417,158	$ 390,888

The amount of return commission that would have been due to reinsurers if they or the Association had cancelled the Association's excess of loss reinsurance agreement would have been $0 as of December 31, 2025 and 2024.

5. Loss and Loss Adjustment Expenses

The following table provides a reconciliation of the beginning and ending reserve balances, net of reinsurance recoverables, for losses and loss adjustment expenses:

Years ended December 31,	**2025**	2024
Beginning balance	**$ 161,475**	$ 44,784
Less: reinsurance recoverable	**-**	-
Beginning net balance	**161,475**	44,784
Incurred related to:		
Current loss year	**188,801**	630,398
Prior loss years	**57,389**	4,015
Losses and loss adjustment expense incurred	**246,190**	634,413
Paid related to:		
Current loss year	**111,648**	486,671
Prior loss years	**126,428**	31,051
Paid losses and loss adjustment expense	**238,076**	517,722
Ending net balance	**169,589**	161,475
Plus: reinsurance recoverable	**-**	-
Ending balance	**$ 169,589**	$ 161,475

Current year changes in estimates of the cost of prior year losses and LAE affect the current year statutory statements 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 year losses and LAE of $246,190, reflected on the statutory statements of income, had unfavorable prior year development of $57,389 due to the increase in reserve strengthening of loss adjustment expenses. Ultimate loss and LAE from Hurricane Beryl are estimated to be approximately $545,000 as of December 31, 2025. Increases or decreases of this nature occur as the result of claim settlements and receipt and evaluation of additional information regarding unpaid claims. Recent development trends are also taken into account in evaluating the overall adequacy of reserves. Due to the inherently uncertain process involving loss and loss adjustment expense reserve estimates, the final resolution of the ultimate liability may be different from that anticipated at the reporting date. The appointed actuary for the Association has opined that the loss and LAE reserves as of December 31, 2025 and 2024 make a reasonable provision for the Association's claim liabilities.

6. Statutory Fund

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

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

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

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

For the years ended December 31, 2025 and 2024, statutory fund costs were $39,080 and $0, based on the direction of the TDI and based on its interpretation of the relevant statutes. TDI's directive requires the Association to determine its net gain from operations based on catastrophe-year incurred losses, rather than calendar year reported losses. Starting at the end of calendar year 2018, the Association is required to use the net gain from operations of the Association to make payments to the CRTF, procure reinsurance, or use alternative risk financing mechanisms. Although amounts held in the CRTF are not presented as assets in the statutory statements of admitted assets, liabilities, surplus and other funds, once contributed to the CRTF, these funds will be held in trust with the Texas Treasury Safekeeping Trust Company ("TTSTC") and will be available for the exclusive use of the Association to pay losses and expenses of the Association as permitted by law. A contribution to the CRTF in the amounts of $39,080 and $0 has been accrued as of December 31, 2025 and 2024, respectively.

For the years ended December 31, 2025 and 2024, the CRTF held $14,125 and $466,330, respectively.

As of December 31, 2025 and 2024, the Association had a deficit of $17,445 and $413,511, respectively. The Association received approximately $462,728 from the CRTF on March 10, 2025 corresponding to the net loss from operations in 2024.

7. Employee Benefit Plans

Defined Benefit Plan. The Association has a defined benefit pension plan (the "Plan"), which covers employees from their date of hire, if the employee is scheduled to work at least 1,000 hours in a twelve-month period. Pension benefits are based on years of service and the employee's compensation during the five highest consecutive years' earnings from the last ten years of employment. An employee's benefits vest 5 years from date of hire. The Association makes contributions to the Plan that comply with the minimum funding provisions of the Employee Retirement Income Security Act. Such contributions are included in general expenses. As of December 31, 2025 and 2024, the Association accrued in accordance with actuarially determined amounts with an offset to the pension cost accrual for the incremental asset amortization.

The following sets forth a summary of projected benefit obligations, plan assets, funded status, benefit costs and assumptions of the defined benefit pension plan as follows:

December 31,		**2025**		2024
Change in Projected Benefit Obligations (PBO) (Underfunded):				
Benefit obligation at beginning of year	**$**	**33,793**	$	31,839
Service cost		**1,932**		1,881
Interest cost		**2,043**		1,794
Actuarial loss (gain)		**3,443**		(717)
Benefits paid		**(935)**		(1,004)
Projected benefit obligation at end of year		**40,276**		33,793
Change in Plan Assets:				
Fair value of plan assets at beginning of year		**31,425**		29,916
Actual return (loss) on plan assets		**3,784**		(527)
Employer contributions		**3,459**		3,039
Benefits paid		**(935)**		(1,004)
Fair value of plan assets at end of year		**37,733**		31,424
Funded status	**$**	**(2,543)**	$	(2,369)

December 31,		**2025**		2024
Funded Status:				
Assets (non-admitted):				
Prepaid benefit costs	**$**	**2,020**	$	645
Total assets (non-admitted)		**2,020**		645
Liabilities recognized:				
Accrued benefit costs		**-**		-
Liability for pension benefits		**4,563**		3,014
Total liabilities recognized		**4,563**		3,014
Unrecognized liabilities as a component of net periodic benefit cost		**-**		-
Funded status	**$**	**(2,543)**	$	(2,369)
Accumulated benefit obligation	**$**	**33,680**	$	28,893

Years ended December 31,		**2025**		2024
Components of Net Periodic Benefit Costs:				
Service costs	**$**	**1,932**	$	1,881
Interest costs		**2,043**		1,794
Expected return on plan assets		**(1,957)**		(1,845)
Loss amortization		**23**		-
Prior service cost		**44**		44
Total net periodic benefit cost	**$**	**2,085**	$	1,874

Years ended December 31,		**2025**		2024
Amounts in unassigned funds (surplus) recognized as components of net periodic benefit cost:				
Items not yet recognized as a component of net periodic cost – prior year	**$**	**3,013**	$	1,403
Net transition asset or obligation recognized		**-**		-
Net prior service cost or credit arising during the period		**-**		-
Net prior service cost recognized		**(44)**		(44)
Net loss arising during the period		**1,617**		1,655
Net loss recognized		**(23)**		-
Items not yet recognized as a component of net periodic cost – current year	**$**	**4,563**	$	3,014

Years ended December 31,		**2025**		2024
Amounts in unassigned funds (surplus) expected to be recognized in the next fiscal year as components of net periodic benefit cost:				
Amortization of net transition asset or obligation	**$**	**-**	$	-
Amortization of net prior service cost		**44**		44
Amortization of net loss	**$**	**-**	$	-

Years ended December 31,		**2025**		2024
Amounts in unassigned funds (surplus) that have not yet been recognized as components of net periodic benefit cost:				
Net transition asset or obligation	**$**	**-**	$	**-**
Net prior service cost		**45**		**89**
Net loss	**$**	**4,518**	$	**2,924**

Pension Assumptions:

December 31,	**2025**	2024
Weighted-average assumptions used to determine net periodic benefit cost:		
Discount rate	**6.00%**	5.50%
Rate of compensation increase	**3.50%**	3.50%
Expected long-term rate of return of plan assets	**6.00%**	6.00%
Weighted-average assumptions used to determine projected benefit obligations:		
Weighted-average discount rate	**5.75%**	6.00%
Rate of compensation increase	**4.50%**	3.50%

The amount of accumulated benefit obligation for the defined benefit pension plan was approximately $33,680 and $28,893 as of December 31, 2025 and 2024, respectively.

Measurement Date
A measurement date of December 31, 2025 was used to determine the above.

Asset Allocation
The defined benefit pension plan asset allocation as of the measurement date presented as a percentage of total plan assets were as follows:

December 31,	**2025**	2024
Equity securities	**36.0%**	36.2%
Debt securities	**55.1%**	57.0%
Real estate	**3.4%**	4.8%
Other	**5.5%**	2.0%
	100.0%	100.0%

The investment policy of the Plan is to maximize the total return of the fund while maintaining a strong emphasis on preservation of capital. The total portfolio is expected to be less volatile than the market the vast majority of the time. The Plan assets are invested in a mix of equity and fixed income investments subject to target allocation ranges. The target allocation is to increase the percentage of fixed income investments depending on market conditions. Remaining funds not invested in the categories above are to be invested in short-term cash equivalents such as money market funds.

The long-term rate of return represents the expected average rate of return on the Plan assets based on the expected long-term asset allocation of the Plan. Several factors are considered, including historical market index returns, expectations of future returns in each asset classes, and the potential to outperform market index returns.

Future Payments

The following estimated future payments, which reflect expected future service, as appropriate, are expected to be paid in the years indicated:

Years ending December 31,		Amount
2026	$	1,290
2027		1,465
2028		1,632
2029		1,800
2030		1,965
2031 and thereafter		12,589

Planned Contributions

The Association expects to make contributions of $3,766 during 2026.

Fair value measurements of Plan assets as of December 31, 2025 and 2024:

	Fair Value Measurements at December 31, 2025			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Cash	**$ 359**	**$ -**	**$ -**	**$ 359**
Large cap equity	**6,946**	**-**	**-**	**6,946**
Small cap equity	**1,150**	**-**	**-**	**1,150**
Mid cap equity	**2,295**	**-**	**-**	**2,295**
International equity	**3,174**	**-**	**-**	**3,174**
Realty fund	**1,482**	**-**	**-**	**1,482**
Fixed income	**-**	**22,327**	**-**	**22,327**
Total plan assets	**$ 15,406**	**$ 22,327**	**$ -**	**$ 37,733**

	Fair Value Measurements at December 31, 2024			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Cash	$ 329	$ -	$ -	$ 329
Large cap equity	5,935	-	-	5,935
Small cap equity	1,008	-	-	1,008
Mid cap equity	2,010	-	-	2,010
International equity	2,465	-	-	2,465
Realty fund	1,505	-	-	1,505
Fixed income	-	18,172	-	18,172
Total plan assets	$ 13,252	$ 18,172	$ -	$ 31,424

Defined Contribution Plan. The Association has a defined contribution 401(k) plan available to eligible employees after six months of employment. Matching contributions totaling $1,166 and $1,098 (before allocation to Texas FAIR Plan Association ("TFPA")) were made for the years ended December 31, 2025 and 2024, respectively. The Association's portion was approximately $774 and $716 for the years ended December 31, 2025 and 2024, respectively.

8. Lease Commitments

The Association leases office space under a non-cancellable operating lease agreement which expires in 2033. Future minimum lease payments, by year and in the aggregate, under a non-cancellable operating lease with initial or remaining terms of one year or more consisted of the following at December 31, 2025:

Years ending December 31,		Amount
2026	$	930
2027		955
2028		981
2029		1,008
2030 and thereafter		3,851
	$	7,725

Rental expense under the non-cancelable operating lease was approximately $1,463 and $1,372 for the years ended December 31, 2025 and 2024, respectively.

9. Governance

The Board of Directors consists of nine members: three industry representatives from companies actively writing and renewing windstorm and hail insurance in the first-tier coastal counties, three public members residing in the first-tier coastal counties, and three non-coastal representatives who live outside the first-tier coastal counties. One of the public members must also be a property and casualty agent who is licensed under this code and is not a captive agent.

10. Service Contract with Texas Fair Plan Association

During 2002, the Association entered into a service contract with TFPA 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 TFPA. During 2025 and 2024, the Association paid expenses for TFPA under its management contract and was reimbursed $26,036 and $22,973, respectively. As of December 31, 2025 and 2024, the Association incurred or paid expenses for which it has not been reimbursed of $4,214 and $2,603, respectively, on behalf of TFPA, and are included in other assets in the statutory statements of admitted assets, liabilities, surplus and other funds. This arrangement is subject to a written agreement which requires that balances be settled within 30 days.

11. Commitments and 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 its 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.

The Association obtained a $500,000 committed line of credit with two of its primary financial institutions during 2025. The Association has the right to request an additional $200,000 on an expedited basis subject to certain approvals. The line of credit agreement was entered into June 2, 2025 subsequent to the Association's Board of Directors approval on May 6, 2025. No amounts have been drawn against the line of credit. Issuance fees for the line of credit were $500, and the Association paid the lenders a 0.425% commitment fee against the unused portion of the line of credit. The commitment was originally set to mature on May 29, 2026, however, the line of credit was terminated by the Association as of December 29, 2025 without penalty.

The Association obtained a $500,000 committed line of credit with two of its primary financial institutions during 2024. The line of credit agreement was entered into June 3, 2024 subsequent to the Association's Board of Directors approval on May 21, 2024. No amounts have been drawn against the line of credit. Issuance fees for the line of credit were $500 and the Association paid the lenders a 0.425% commitment fee against the unused portion of the line of credit. The commitment was originally set to mature on May 30, 2025, however, the line of credit was terminated by the Association as of December 27, 2024 without penalty.

12. Concentration of Credit Risk

The Association maintains deposits of cash in excess of federally insured limits with certain financial institutions. The Association has not experienced any losses in such accounts and believes they are not exposed to any significant credit risk on cash.

The Association writes windstorm and hail coverage primarily in the 14 counties along the Texas coast in which it has approximately $141,250,000 and $126,500,000 of insurance exposure as of December 31, 2025 and 2024, respectively.

13. Nonadmitted Assets

Nonadmitted assets consisted of the following:

December 31,	**2025**	2024
Prepaid expenses and receivables	**$ 9,871**	$ 2,456
Member assessment receivable	**2,199**	2,199
Electronic data processing equipment and software	**5,447**	8,722
Total nonadmitted assets	**$ 17,517**	$ 13,377

14. Fair Value Measurements

The following table 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 and cash equivalents are the only financial instruments held by the Association. The investment strategy for the Association is to hold highly liquid cash and cash equivalents for funding catastrophe events. The Association does not believe that the assets stated at NAV have any significant restrictions to liquidate or to be sold for less than NAV.

	Fair Value Measurements at December 31, 2025					
	Aggregate Fair Value	**Net Asset Value**	**Admitted Assets**	**Level 1**	**Level 2**	**Level 3**
Cash	**$ 85,542**	**$ -**	**$ 85,542**	**$ 85,542**	**$ -**	**$ -**
Cash equivalents*	**-**	**650,007**	**650,007**	**-**	**-**	**-**
	$ 85,542	**$ 650,007**	**$ 735,549**	**$ 85,542**	**$ -**	**$ -**

	Fair Value Measurements at December 31, 2024					
	Aggregate Fair Value	Net Asset Value	Admitted Assets	Level 1	Level 2	Level 3
Cash	$ 102,511	$ -	$ 102,511	$ 102,511	$ -	$ -
Cash equivalents*	-	159,355	159,355	-	-	-
	$ 102,511	$ 159,355	$ 261,866	$ 102,511	$ -	$ -

* In accordance with SSAP 100, certain investments that were measured at NAV have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation to the line items presented in the statutory statements of admitted assets, liabilities, surplus and other funds.

15. Reconciliation with Annual Statement

There were no differences between the 2025 and 2024 annual statements as filed with the TDI and the 2025 and 2024 audited statutory financial statements.

16. Subsequent Events

The Association has evaluated subsequent events occurring after December 31, 2025, the date of the most recent statutory statements of admitted assets, liabilities, surplus, and other funds through May 6, 2026, the date the statutory financial statements were issued. The Association does not believe any subsequent events have occurred that would require further disclosure or adjustment to the statutory financial statements.

Texas Windstorm Insurance Association

Summary Investment Schedule
December 31, 2025
(Amounts in Thousands)

Investment categories	Gross Investment Holdings * Amount	%	Admitted Assets as Reported in the Annual Statement ** Amount	%
Insurer credit obligations (Schedule D, Part 1):				
U.S. government obligations	$ -	-	$ -	-
Other government obligations	-	-	-	-
Non-U.S. sovereign jurisdiction securities	-	-	-	-
Municipal bonds – general obligations (direct & contingent)	-	-	-	-
Municipal bonds – special revenue	-	-	-	-
Project finance bonds issued by operating entities	-	-	-	-
Corporate bonds	-	-	-	-
Mandatory convertible bonds	-	-	-	-
Single entity backed obligations	-	-	-	-
SVO-identified bond exchange traded funds – fair value	-	-	-	-
SVO-identified bond exchange traded funds – systematic value	-	-	-	-
Bonds issued by funds representing operating entities	-	-	-	-
Bank loans – issued	-	-	-	-
Bank loans – acquired	-	-	-	-
Mortgage loans that qualify as SVO-identified credit tenant loans	-	-	-	-
Certificates of deposit	-	-	-	-
Other issuer credit obligations	-	-	-	-
Total issuer credit obligations	-	-	-	-
Asset-backed securities (Schedule D, Part 1, Section 2):				
Financial asset-backed securities – self-liquidating	-	-	-	-
Financial asset-backed securities – not self-liquidating	-	-	-	-
Non-financial asset-backed securities	-	-	-	-
Total asset-backed securities	-	-	-	-
Preferred stocks (Schedule D, Part 2, Section 1):				
Industrial and miscellaneous (Unaffiliated)	-	-	-	-
Parent, subsidiaries and affiliates	-	-	-	-
Total preferred stocks	-	-	-	-
Common stocks (Schedule D, Part 2, Section 2):				
Industrial and miscellaneous Publicly traded (Unaffiliated)	-	-	-	-
Industrial and miscellaneous Other (Unaffiliated)	-	-	-	-
Parent, subsidiaries and affiliates Publicly traded	-	-	-	-
Parent, subsidiaries and affiliates Other	-	-	-	-
Mutual funds	-	-	-	-
Unit investments trusts	-	-	-	-
Closed-end funds	-	-	-	-
Total common stocks	-	-	-	-

See accompanying independent auditors' report on supplemental information.

Texas Windstorm Insurance Association

Summary Investment Schedule
December 31, 2025
(Amounts in Thousands)

Investment categories	Gross Investment Holdings * Amount	%	Admitted Assets as Reported in the Annual Statement ** Amount	%
Mortgage loans (Schedule B):				
Farm mortgages	-	-	-	-
Residential mortgages	-	-	-	-
Commercial mortgages	-	-	-	-
Mezzanine real estate loans	-	-	-	-
Total valuation allowance	-	-	-	-
Total mortgage loans	-	-	-	-
Real Estate (Schedule A):		-	-	-
Properties occupied by company	-	-	-	-
Properties held for production of income	-	-	-	-
Properties held for sale	-	-	-	-
Total real estate	-	-	-	-
Cash, cash equivalents and short-term investments:		-	-	-
Cash (Schedule E, Part 1)	85,542	11.63	85,542	11.63
Cash equivalents (Schedule E, Part 2)	650,007	88.37	650,007	88.37
Short-term investments (Schedule DA)	-	-	-	-
Total cash, cash equivalents and short-term investments	735,549	100.00	735,549	100.00
Contract loans		-	-	-
Derivatives (Schedule DB)	-	-	-	-
Other invested assets (Schedule BA)	-	-	-	-
Receivables for securities	-	-	-	-
Securities Lending (Schedule DL, Part 1)	-	-	-	-
Other invested assets (Page 2, Line 11)	-	-	-	-
Total invested assets	$ 735,549	100.00	$ 735,549	100.00

**Gross investment holdings as valued in compliance with the NAIC Accounting Procedures Manual.*

*** The Association has no securities lending reinvested collateral at December 31, 2025.*

See accompanying independent auditors' report on supplemental information.

Texas Windstorm Insurance Association

Supplemental Investment Risk Interrogatories
December 31, 2025
(Amounts in Thousands)

1)	Reporting entity's total admitted assets as reported in the accompanying financial statements.	$	802,449

Questions 2 through 23 are not applicable.

See accompanying independent auditors' report on supplemental information.

Texas Windstorm Insurance Association

Reinsurance Interrogatories
December 31, 2025
(Amounts in Thousands)

7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? YES[ ] NO [X]

7.2 If yes, indicate the number of reinsurance contracts containing such provisions. N/A

7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? YES[ ] NO [X]

9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year–end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:

(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;

(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity; or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;

(c) Aggregate stop loss reinsurance coverage;

(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;

(e) A provision permitting reporting of losses, or payment of losses, less frequently than a quarterly basis (unless there is no activity during the period); or

(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. YES[ ] NO [X]

See accompanying independent auditors' report on supplemental information.

Texas Windstorm Insurance Association

Reinsurance Interrogatories
December 31, 2025
(Amounts in Thousands)

9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling by, or under control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:

(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or

(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract? YES[ ] NO [X]

9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:

N/A

9.4 Except for transactions meeting the requirements of paragraph 37 of SSAP No. 62, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:

(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or

(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? YES [ ] NO [X]

9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP. N/A

See accompanying independent auditors' report on supplemental information.