

QUARTERLY STATEMENT

OF THE

Texas FAIR Plan Association

of **Austin**

in the state of **Texas**

TO THE

Insurance Department

OF THE

STATE OF

State of Texas

FOR THE QUARTER ENDED

March 31, 2017

PROPERTY AND CASUALTY

2017



11543201720100101

QUARTERLY STATEMENT

AS OF MARCH 31, 2017
OF THE CONDITION AND AFFAIRS OF THE
Texas FAIR Plan Association

NAIC Group Code 4766, NAIC Company Code 11543, Employer's ID Number 43-1982873
Organized under the Laws of Texas, State of Domicile or Port of Entry TX
Country of Domicile US
Incorporated/Organized December 31, 2002, Commenced Business December 31, 2002
Statutory Home Office 5700 S. Mopac, Bldg A, Austin, TX US 78749
Main Administrative Office 5700 S. Mopac, Bldg A, Austin, TX US 78749
Mail Address PO Box 99080, Austin, TX US 78709-9080
Primary Location of Books and Records 5700 S. Mopac, Bldg A, Austin, TX US 78749
Internet Website Address http://www.texasfairplan.org/
Statutory Statement Contact Allen David Fulkerson, afulkerson@twia.org

OFFICERS

Edward James Sherlock

Table with 2 columns: Name, Title. 1. Corise Morrison, Vice Chairman; 2. John Miletta, Secretary/Treasurer; 3. John William Polak, General Manager

Vice Presidents of TFPA

Table with 4 columns: Name, Title, Name, Title. David Patrick Durden, VP Legal; James Colin Murphy, VP Actuary; 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

TFPA Governing Committee

Table with 4 columns: Name, Title, Name, Title. Wendy Mueller, Debbie King, John Miletta, Georgia Rutherford Neblett; Timothy Lawrence McCarthy, Alicia Corise Morrison, Edward James Sherlock, Christina Ford; Frank Baumann, Jr, Byron Haney, Mark Solomon

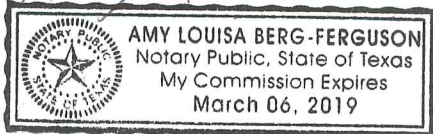
State of Texas
County of Travis ss

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.

Signatures and titles of officers: John William Polak (General Manager), Peter Harold Gise (Chief Financial Officer), and an unnamed officer (Title).

Subscribed and sworn to before me this 5th day of May, 2017

- 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			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds				
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate:				
4.1 Properties occupied by the company (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 57,961,708), cash equivalents (\$ 0), and short-term investments (\$ 0)	57,961,708		57,961,708	60,581,310
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)	57,961,708		57,961,708	60,581,310
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	54,258		54,258	65,422
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	2,356,043	31,188	2,324,855	2,205,441
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)	10,314,321		10,314,321	10,444,596
15.3 Accrued retrospective premiums (\$ 0) and contracts subject to redetermination (\$ 0)				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers				
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)				
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates				
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	1,164,360	1,164,360		
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	71,850,690	1,195,548	70,655,142	73,296,769
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	71,850,690	1,195,548	70,655,142	73,296,769

DETAILS OF WRITE-IN LINES				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Prepaid Expenses	927,854	927,854		
2502. Surcharge Receivable	123,901	123,901		
2503. Due from agents	112,605	112,605		
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,164,360	1,164,360		

NONE

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Statement Date	December 31, Prior Year
1. Losses (current accident year \$ 5,957,595)	16,765,936	18,035,329
2. Reinsurance payable on paid losses and loss adjustment expenses		
3. Loss adjustment expenses	4,925,167	5,595,388
4. Commissions payable, contingent commissions and other similar charges	1,106,630	825,712
5. Other expenses (excluding taxes, licenses and fees)	1,765,778	1,388,725
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	86,000	380,363
7.1. Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))		
7.2. Net deferred tax liability		
8. Borrowed money \$ 0 and interest thereon \$ 0		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ 10,524,871 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)	47,338,677	39,225,281
10. Advance premium	2,435,462	1,228,719
11. Dividends declared and unpaid:		
11.1. Stockholders		
11.2. Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	8,318,213	19,126,980
13. Funds held by company under reinsurance treaties		
14. Amounts withheld or retained by company for account of others		
15. Remittances and items not allocated	59,362	45,407
16. Provision for reinsurance (including \$ 0 certified)	723,500	628,725
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	966,420	1,260,559
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	801,004	758,713
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	85,292,149	88,499,901
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	85,292,149	88,499,901
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)	(14,637,007)	(15,203,132)
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)	(14,637,007)	(15,203,132)
38. Totals (Page 2, Line 28, Col. 3)	70,655,142	73,296,769

DETAILS OF WRITE-IN LINES		
2501. Escheat Checks	606,720	618,794
2502. Due to policy holders	194,284	139,919
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	801,004	758,713
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	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct (written \$ 27,380,036)	29,791,511	32,382,417	127,762,861
1.2 Assumed (written \$ 0)			
1.3 Ceded (written \$ 0)	10,524,871	11,156,005	43,361,798
1.4 Net (written \$ 27,380,036)	19,266,640	21,226,412	84,401,063
DEDUCTIONS:			
2. Losses incurred (current accident year \$ 10,315,685):			
2.1 Direct	7,289,638	22,599,692	61,717,870
2.2 Assumed			
2.3 Ceded			
2.4 Net	7,289,638	22,599,692	61,717,870
3. Loss adjustment expenses incurred	2,735,034	5,464,251	16,290,167
4. Other underwriting expenses incurred	7,671,874	6,323,320	26,418,695
5. Aggregate write-ins for underwriting deductions			
6. Total underwriting deductions (Lines 2 through 5)	17,696,546	34,387,263	104,426,732
7. Net income of protected cells			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	1,570,094	(13,160,851)	(20,025,669)
INVESTMENT INCOME			
9. Net investment income earned	49,647	1,624	53,446
10. Net realized capital gains (losses) less capital gains tax of \$ 0			
11. Net investment gain (loss) (Lines 9 + 10)	49,647	1,624	53,446
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 0 amount charged off \$ 0)	(175,189)	(185,662)	(904,730)
13. Finance and service charges not included in premiums	82,245	96,183	360,519
14. Aggregate write-ins for miscellaneous income			130,130
15. Total other income (Lines 12 through 14)	(92,944)	(89,479)	(414,081)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	1,526,797	(13,248,706)	(20,386,304)
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)	1,526,797	(13,248,706)	(20,386,304)
19. Federal and foreign income taxes incurred			
20. Net income (Line 18 minus Line 19) (to Line 22)	1,526,797	(13,248,706)	(20,386,304)
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	(15,203,132)	4,976,939	4,976,939
22. Net income (from Line 20)	1,526,797	(13,248,706)	(20,386,304)
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	(865,897)	(807,400)	91,179
28. Change in provision for reinsurance	(94,775)	(140,602)	115,054
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			
38. Change in surplus as regards policyholders (Lines 22 through 37)	566,125	(14,196,708)	(20,180,071)
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	(14,637,007)	(9,219,769)	(15,203,132)

DETAILS OF WRITE-IN LINES			
0501.			
0502.			
0503.			
0598. Summary of remaining write-ins for Line 05 from overflow page	NONE		
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)			
1401. Sales tax refund and other income			130,130
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	NONE		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)			130,130
3701.			
3702.			
3703.			
3798. Summary of remaining write-ins for Line 37 from overflow page	NONE		
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)			

CASH FLOW

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance	17,802,615	19,349,344	81,058,256
2. Net investment income	60,700	(79,005)	(45,330)
3. Miscellaneous income	(92,944)	(89,479)	(414,081)
4. Total (Lines 1 to 3)	17,770,371	19,180,860	80,598,845
5. Benefit and loss related payments	8,558,042	19,654,412	64,092,418
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions	11,936,393	12,203,389	43,903,256
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)	20,494,435	31,857,801	107,995,674
11. Net cash from operations (Line 4 minus Line 10)	(2,724,064)	(12,676,941)	(27,396,829)
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			
16.4 Net deposits on deposit-type contracts and other insurance liabilities			
16.5 Dividends to stockholders			
16.6 Other cash provided (applied)	104,462	105,569	(127,322)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	104,462	105,569	(127,322)
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)	(2,619,602)	(12,571,372)	(27,524,151)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	60,581,310	88,105,461	88,105,461
19.2 End of period (Line 18 plus Line 19.1)	57,961,708	75,534,089	60,581,310

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 FAIR Plan Association (TFPA) 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:

Description	SSAP #	F/S Page	F/S Line #	2017	2016
1. Net income, TX basis	XXX	XXX	XXX	\$ 1,526,797	(\$ 20,386,304)
2. Effect of TX prescribed practices				-	-
3. Effect of TX permitted practices				-	-
4. Net income, NAIC SAP basis	XXX	XXX	XXX	\$ 1,526,797	(\$ 20,386,304)

Description	SSAP #	F/S Page	F/S Line #	2017	2016
5. Policyholders' surplus, TX basis	XXX	XXX	XXX	(\$ 14,637,007)	(\$ 15,203,132)
6. Effect of TX prescribed practices				-	-
7. Effect of TX permitted practices				-	-
8. Policyholders' surplus, NAIC SAP basis	XXX	XXX	XXX	(\$ 14,637,007)	(\$ 15,203,132)

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

Direct and ceded premiums are earned over the terms of the related policies or reinsurance contracts, respectively. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for both direct and ceded business. The Association has a minimum policy premium of \$100.

Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

In addition, the company uses the following accounting policy:

- Short-term investments are stated at historical cost, which approximates market value.
- Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports, and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amounts are adequate, the ultimate liabilities may be in excess of or less than the amounts 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.
- The Association has a written capitalization policy. The predefined capitalization policy thresholds have not changed from the prior year.

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.

NOTES TO FINANCIAL STATEMENTS

Note 2 – Accounting Changes and Correction of Errors

- A. Material Changes in Accounting Principal
There were no changes in accounting principles.
- 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. Repurchase Agreements and/or Securities Lending Transactions
None
- F. Real Estate
None
- G. Investment in Low-Income Housing Tax Credits
None
- H. Restricted Assets
1. During the first quarter 2017, the Association has invested in time deposits with a bank that has a 31 day mandatory maturity where funds are available only at future date. The value of time deposits totaled \$12,068,807 as of March 31, 2017.
- I. Working Capital Finance Investments
None
- J. Offsetting and Netting of Assets and Liabilities
None
- K. Structured Notes
None
- L. 5* Securities
None

Note 6 – Joint Ventures, Partnerships and Limited Liability Companies

- A. Not applicable

NOTES TO FINANCIAL STATEMENTS

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

As of June 18, 2005, the Association is a tax exempt organization whose gross income is excludable under Internal Revenue Code Section 115 and is no longer required to file federal tax returns.

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

- A. Nature of Relationships

On October 10, 2002, the Texas Commissioner of Insurance enacted Article 21.49A of the Texas Insurance Code implementing the creation of the Texas FAIR Plan Association. The commissioner then instructed the Texas Windstorm Insurance Association (“TWIA”) to manage the Association.

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

None

- C. Change in Terms of Intercompany Arrangements

None

- D. Amounts Due from Related Parties

Not applicable

- E. Guarantees or Undertakings for Related Parties

Not applicable

- F. Management, Service Contracts, Cost Sharing Arrangements

No significant changes

- 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

NOTES TO FINANCIAL STATEMENTS

Note 11 – Debt

- A. The Association has a \$40,000,000 line of credit with a bank. There were no balances outstanding or drawn against the line of credit year to date as of March 31, 2017.
- B. Funding Agreements with Federal Home Loan Bank (FHLB)
Not applicable

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

- A. Defined Benefit Plan
Not Applicable
- B. Description of Investment Policies
Not Applicable
- C. Fair Value Measurements of Plan Assets at Reporting Date
Not Applicable
- D. Rate of Return Assumptions
Not Applicable
- E. Defined Contribution Plan
Not Applicable
- F. Multiemployer Plans
Not applicable
- G. Consolidated/Holding Company Plans
Not applicable
- H. Postemployment Benefits and Compensated Absences
The Association has no obligations to current or former employees for benefits after their employment but before their retirement other than for compensation related to earned personal time off. The liability for earned but untaken personal time off has been accrued.
- I. Impact of Medicare Modernization Act on Postretirement Benefits
Not applicable

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

Not applicable

Note 14 – Contingencies

- A. Capital Commitments
The Association has no commitments or contingent commitments to other entities.
- B. Assessments
(1) Liability and Related Asset
The Association is subject to a fire assessment by the State of Texas in which the Association writes business. The assessment is premium-based and recorded at the time the premiums are written. The Association is not subject to loss-based assessments. There was no significant activity during 2017.
(2) Rollforward of Related Assets
The assets included in surcharge receivable have been fully non-admitted as of both 2017 and 2016. There was no significant activity during 2017.
- C. Gain Contingencies
Not applicable

NOTES TO FINANCIAL STATEMENTS

D. Extra Contractual Obligation and Bad Faith Losses

None

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

Not applicable

B. Lessor Leasing Arrangements

Not applicable

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

Not applicable

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

Not applicable

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

Not applicable

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

Not applicable

Note 20 – Fair Value Measurements

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

Not applicable

B. Other Fair Value Disclosures

Not applicable

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

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

<u>Type or Class of Financial Instrument</u>	<u>Aggregate Fair Value</u>	<u>Admitted Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash, cash equivalents and short-term investments	\$57,961,708	\$57,961,708	\$57,961,708	\$ -	\$ -

NOTES TO FINANCIAL STATEMENTS

- D. Items for which Not Practicable to Estimate Fair Values
Not applicable

Note 21 – Other Items

- A. Unusual or Infrequent Items
Not applicable
- 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
Not applicable

Note 22 – Events Subsequent

The Association has evaluated subsequent events occurring after March 31, 2017, the date of the most recent balance sheet, through May 11, 2017, the date the annual statement was issued. The Association does not believe any subsequent events have occurred that would require further disclosure or adjustment to the statutory financial statements.

NOTES TO FINANCIAL STATEMENTS

Note 23 - Reinsurance

A. Unsecured Reinsurance Recoverables

The Association has unsecured reinsurance recoverables which exceed 3% of the Association's surplus with the following reinsurers as of March 31, 2017.

NAIC Code	Federal ID #	Name of Reinsurer	Amount
	AA-3194158	Allianz Risk Transfer (Bermuda) Ltd. (Nephila business)	\$ 149,556
26921	22-2005057	Everest Reinsurance Company	\$ 146,102
	AA-3190770	Chubb Tempest Reinsurance Ltd. Formerly ACE Tempest Reinsurance Ltd.	\$ 140,301
	AA-1120083	Lloyd's Underwriter Syndicate No. 1910 ARE	\$ 125,176
	AA-3194139	AXIS Specialty Limited	\$ 120,450
	AA-3190339	Renaissance Reinsurance Ltd.	\$ 107,895
	AA-3190875	Hiscox Insurance Company Ltd (Bermuda)	\$ 101,981
	AA-3190870	Validus Reinsurance, Ltd.	\$ 98,422
	AA-1320031	SCOR Global P&C S.E. - Lirma S7300	\$ 98,422
	AA-1128001	Lloyd's Underwriter Syndicate No. 2001 AML	\$ 95,027
	AA-3194130	Endurance Speciality Ins Ltd.	\$ 89,801
	AA-3190686	Partner Reinsurance Company Ltd.	\$ 89,214
19453	13-5616275	Transatlantic Reinsurance Company	\$ 71,320
23680	47-0698507	Odyssey Reinsurance Company	\$ 57,628
	AA-1340125	Hannover Rück SE (Pillar business)	\$ 51,473
	AA-1460019	Amlin Bermuda, a branch of Amlin AG, Hamilton	\$ 53,898
	AA-1127414	Lloyd's Underwriter Syndicate No. 1414 ASC	\$ 53,799
	AA-3191289	Fidelis Insurance Bermuda Limited	\$ 50,333
	AA-3194122	DaVinci Reins thru Renaissance U/W	\$ 46,934
	AA-3194168	Aspen Bermuda Ltd.	\$ 46,868
	AA-1120102	Lloyd's Underwriter Syndicate No. 1458 RNR	\$ 44,133
	AA-3191315	XL Bermuda Ltd Formerly XL Re Ltd	\$ 39,574
	AA-3190005	Ascot Underwriting (Bermuda) Ltd o/b/o American International Reinsurance Company Ltd.	\$ 38,881
	AA-1128791	Lloyd's Underwriter Syndicate No. 2791 MAP	\$ 37,577
	AA-3190829	Markel Bermuda Limited	\$ 37,494
	AA-1126033	Lloyd's Underwriter Syndicate No. 0033 HIS	\$ 33,847
	AA-1128623	Lloyd's Underwriter Syndicate No. 2623 AFB	\$ 20,353
	AA-1128010	Lloyd's Underwriter Syndicate No. 2010 MMX	\$ 20,133
	AA-3190978	AlphaCat Reinsurance Ltd.	\$ 17,651
	AA-1120075	Lloyd's Underwriter Syndicate No. 4020 ARK	\$ 18,199
	AA-1127183	Lloyd's Underwriter Syndicate No. 1183 TAL	\$ 18,747
	AA-5320039	Pioneer Underwriting Ltd. obo Peak Reinsurance Company Ltd., HK	\$ 16,404
	AA-1120071	Lloyd's Underwriter Syndicate No. 2007 NVA	\$ 14,531
	AA-1120084	Lloyd's Underwriter Syndicate No. 1955 BAR	\$ 14,529
	AA-3194126	Arch Reinsurance, Ltd.	\$ 12,186
	AA-1460023	Tokio Millennium Re AG, Bermuda Branch (Markel CATCo-Re Aquilo business)	\$ 10,717
	AA-5324100	Pioneer Underwriting Ltd. obo Taiping Reinsurance Company Ltd	\$ 11,248
	AA-1126623	Lloyd's Underwriter Syndicate No. 0623 AFB	\$ 4,468
	AA-1120085	Lloyd's Underwriter Syndicate No. 1274 AUL	\$ 1,386

B. Reinsurance Recoverables in Dispute

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

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

NOTES TO FINANCIAL STATEMENTS

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			\$10,524,871	\$315,746	(\$10,524,871)	(\$315,746)
c. Totals			\$10,524,871	\$315,746	(\$10,524,871)	(\$315,746)
d. Direct Unearned Premium Reserve			\$57,863,548			

2. The amount of return commission that would have been due the reinsurers if they or the Association had cancelled the Association's excess of loss reinsurance agreement would have been approximately \$1,052,871 for the quarter ended March 31, 2017.
3. The Association does not use protected cells as an alternative to traditional reinsurance.

D. Uncollectible Reinsurance

Not applicable

E. Commutation of Ceded Reinsurance

Not applicable

F. Retroactive Reinsurance

Not applicable

G. Reinsurance Accounted for as a Deposit

Not applicable

H. Run-off Agreements

Not applicable

I. Certified Reinsurer Downgrades or Status Subject to Revocation

Not applicable

J. Reinsurance Agreements Qualifying for Reinsurer Aggregation

Not applicable

Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 25 – Changes in Incurred Losses and Loss Adjustment Expenses

The estimated cost of loss and loss adjustment expense (LAE) attributable to insured events of prior years decreased by approximately \$2.9 million during 2017 and decreased by approximately \$0.4 million during fiscal year 2016. Increases and decreases of this nature occur as the result of claim settlements during the current year, and as additional information is received regarding individual claims, causing changes from the original estimates of the cost of these claims.

	1Q YTD 2017	FY 2016
Balance as of January 1,	23,630,717	27,272,923
Less: Reinsurance Recoverable	-	-
Net Balance at January 1,	23,630,717	27,272,923
Incurred, net of reinsurance, related to:		
Current year	12,900,254	78,419,715
Prior years	(2,875,582)	(411,678)
Net Incurred	10,024,672	78,008,037
Paid, net of reinsurance, related to:		
Current year	(5,826,792)	(64,566,556)
Prior years	(6,137,495)	(17,083,687)
Net Paid Losses	(11,964,287)	(81,650,243)
Net Balance at March 31,	21,691,102	23,630,717
Plus: Reinsurance Recoverable	-	-
Balance at March 31,	21,691,102	23,630,717

The Company attempts to consider all significant facts and circumstances known at the time loss reserves are established. 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. Therefore, actual paid damages in the future may yield a material different favorable or unfavorable amount than currently reserved. While the Company believes that the estimated for loss and loss adjustment expense reserves are adequate as of March 31, 2017, there can be no assurance that the estimates and the extended period of time that it can take to settle claims may change the results of operations. The Company does not issue and retrospective rated policies, as such, the net incurred increase or decrease related to prior years did not result in any direct accrual of additional premiums.

Note 26 – Intercompany Pooling Arrangements

Not applicable

Note 27 – Structured Settlements

Not applicable

Note 28 – Health Care Receivables

Not applicable

Note 29 – Participating Policies

Not applicable

Note 30 – Premium Deficiency Reserves

The Association 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

Not applicable

Note 34 – Subscriber Savings Accounts

Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 35 – Multiple Peril Crop Insurance

Not applicable

Note 36 – Financial Guaranty Insurance

A. and B. Not applicable

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

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

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

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.

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 [X] N/A []
 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. _____ 12/31/2012 _____

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 [] No [X]

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 [] No [X]

GENERAL INTERROGATORIES

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

.....

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

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

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

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, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [] No [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 access to the investment accounts";"..handle securities"]

1 Name of Firm or Individual	2 Affiliation
John Polak	I
Pete Gise	I

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

17.5098 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") listed in the table for Question 17.5, the total assets under management aggregate to more than 50% of the reporting entity's 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:
TFPA does not file with the Securities Valuation Office.
.....
.....

GENERAL INTERROGATORIES

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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

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

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

3.2 If yes, give full and complete information thereto:

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

4.2 If yes, complete the following schedule:

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

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

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

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

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

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

SCHEDULE F - CEDED REINSURANCE

Showing All New Reinsurers - Current Year to Date

1	2	3	4	5	6	7
NAIC Company Code	ID Number	Name of Reinsurer	Domiciliary Jurisdiction	Type of Reinsurer	Certified Reinsurer Rating (1 through 6)	Effective Date of Certified Reinsurer Rating
<div style="position: absolute; top: 50%; left: 50%; transform: translate(-50%, -50%); font-size: 48px; font-weight: bold;">NONE</div>						

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year To Date - Allocated by States and Territories

States, Etc.	1 Active Status	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid		
		2	3	4	5	6	7	
		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	27,380,036	29,521,580	8,559,032	19,654,412	16,765,936	23,355,158
45. Utah	UT	N						
46. Vermont	VT	N						
47. Virginia	VA	N						
48. Washington	WA	N						
49. West Virginia	WV	N						
50. Wisconsin	WI	N						
51. Wyoming	WY	N						
52. American Samoa	AS	N						
53. Guam	GU	N						
54. Puerto Rico	PR	N						
55. U.S. Virgin Islands	VI	N						
56. Northern Mariana Islands	MP	N						
57. Canada	CAN	N						
58. Aggregate Other Alien	OT	X X X						
59. Totals	(a) 1		27,380,036	29,521,580	8,559,032	19,654,412	16,765,936	23,355,158

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

NONE

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer;
 (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state: (other than their state of domicile - see DSLI);
 (D) DSLI - 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.
 (a) Insert the number of D and L responses except for Canada and Other Alien.

NONE Schedule Y - Part 1

SCHEDULE Y

PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

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

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Asterik	Explanation
	<p>NONE</p>

PART 1 – LOSS EXPERIENCE

Lines of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire	1,528,092	511,329	33.5	82.8
2. Allied lines	8,130,885	2,319,552	28.5	92.9
3. Farmowners multiple peril				
4. Homeowners multiple peril	20,132,534	4,458,758	22.1	60.2
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	29,791,511	7,289,639	24.5	69.8

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	2	3
	Current Quarter	Current Year to Date	Prior Year Year to Date
1. Fire	1,541,033	1,541,033	1,427,644
2. Allied lines	7,975,413	7,975,413	8,208,559
3. Farmowners multiple peril			
4. Homeowners multiple peril	17,863,590	17,863,590	19,885,377
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	27,380,036	27,380,036	29,521,580

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

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	2017 Loss and LAE Payments on Claims Reported as of Prior Year-End	2017 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2017 Loss and LAE Payments (Cols 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year-End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year-End	Q.S. Date IBNR Loss & LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols 7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 4 + 7 - 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 5 + 8 + 9 - 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/Deficiency (Cols. 11 + 12)
1. 2014 + prior	2,083	2,228	4,311	379	2	381	587	8	1,854	2,449	(1,117)	(364)	(1,481)
2. 2015	2,280	3,186	5,466	555	51	606	2,478	18	1,609	4,105	753	(1,508)	(755)
3. Subtotals 2015 + prior	4,363	5,414	9,777	934	53	987	3,065	26	3,463	6,554	(364)	(1,872)	(2,236)
4. 2016	4,877	8,976	13,853	2,941	2,210	5,151	2,761	579	4,723	8,063	825	(1,464)	(639)
5. Subtotals 2016 + prior	9,240	14,390	23,630	3,875	2,263	6,138	5,826	605	8,186	14,617	461	(3,336)	(2,875)
6. 2017	X X X	X X X	X X X	X X X	5,827	5,827	X X X	2,582	4,491	7,073	X X X	X X X	X X X
7. Totals	9,240	14,390	23,630	3,875	8,090	11,965	5,826	3,187	12,677	21,690	461	(3,336)	(2,875)

8. Prior Year-End Surplus As Regards Policyholders

(15,203)

Col. 11, Line 7	Col. 12, Line 7	Col. 13, Line 7
As % of Col. 1,	As % of Col. 2,	As % of Col. 3,
Line 7	Line 7	Line 7
1. <u>4.989</u>	2. <u>-23.183</u>	3. <u>-12.167</u>
		Col. 13, Line 7
		Line 8
		4. <u>18.911</u>

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

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

Explanation:

- Question 1: TFPA does not file this statement.

- Question 2: TFPA does not provide medical liability.

- Question 3: TFPA does not provide Medicare.

Bar Code:



OVERFLOW PAGE FOR WRITE-INS

- 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**
- NONE Schedule E Verification**
- NONE Schedule A - Part 2 and 3**
- NONE Schedule B - Part 2 and 3**
- NONE Schedule BA - Part 2 and 3**
- NONE Schedule D - Part 3**
- NONE Schedule D - Part 4**
- NONE Schedule DB - Part A - Section 1**
- NONE Schedule DB - Part B - Section 1**
- NONE Schedule DB - Part D - Section 1**
- NONE Schedule DB - Part D - Section 2**
- NONE Schedule DL - Part 1**
- NONE Schedule DL - Part 2**

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
					6	7	8	
					First Month	Second Month	Third Month	
Open Depositories								
Bank of America, N.A.					785,082	1,592,997	2,680,693	
Bank of America, N.A. - Certificate of Deposit		0.870	26,245		6,000,000	6,000,000		
Bank of America, N.A. - Certificate of Deposit		1.200		300			3,000,000	
Bank of America, N.A. - Certificate of Deposit		0.820		13,211	5,000,000	5,000,000	5,000,000	
Bank of America, N.A. - Certificate of Deposit		0.870	21,750		5,000,000			
Bank of America, N.A. - Certificate of Deposit		1.050		5,542		5,000,000	5,000,000	
Citibank, N.A.					86,313	86,297	86,279	
Citibank, N.A. - MMDA		0.150	1		1,943	1,933	1,924	
Citibank, N.A. - MMTD	O	0.700	18,040		12,055,783	12,061,634	12,068,807	
JP Morgan Chase Bank, N.A.					3,271,245	4,681,532	10,020,064	
JP Morgan Chase Bank, N.A. - Certificate of Depos		0.700		15,423	5,020,106	5,020,106	5,020,106	
JP Morgan Chase Bank, N.A. - Certificate of Depos		0.550		5,068	5,026,479	5,026,479	5,026,479	
JP Morgan Chase Bank, N.A. - Certificate of Depos		0.480	12,746					
JP Morgan Chase Bank, N.A. - MMDA		0.150	1		1,602	1,590	1,590	
Wells Fargo Bank, N.A.								
Wells Fargo - Certificate of Deposit		0.540		10,100	5,025,072	5,025,072	5,025,072	
Wells Fargo - Certificate of Deposit		0.500	12,583		5,018,110			
Wells Fargo - Certificate of Deposit		0.790		4,614		5,030,694	5,030,694	
0199998 Deposits in () depositories that do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories	X X X	X X X						X X X
0199999 Total - Open Depositories	X X X	X X X	91,366	54,258	52,291,735	54,528,334	57,961,708	X X X
Suspended Depositories								
0299998 Deposits in () depositories that do not exceed the allowable limit in any one depository (see Instructions) - Suspended Depositories	X X X	X X X						X X X
0299999 Total Suspended Depositories	X X X	X X X						X X X
0399999 Total Cash on Deposit	X X X	X X X	91,366	54,258	52,291,735	54,528,334	57,961,708	X X X
0499999 Cash in Company's Office	X X X	X X X	X X X	X X X				X X X
0599999 Total	X X X	X X X	91,366	54,258	52,291,735	54,528,334	57,961,708	X X X

NONE **Schedule E - Part 2**

NONE **Trusted Surplus Statement**

NONE **Medicare Part D**

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



11543201745000010

**SUPPLEMENT "A" TO SCHEDULE T
EXHIBIT OF MEDICAL PROFESSIONAL LIABILITY PREMIUMS WRITTEN
ALLOCATED BY STATES AND TERRITORIES**

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

NONE

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

NONE



11543201750500101

DIRECTOR AND OFFICER INSURANCE COVERAGE SUPPLEMENT

Year To Date For The Period Ended 2017

NAIC Group Code 4766

NAIC Company Code 11543

Company Name Texas FAIR Plan 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. \$ _____