

Texas FAIR Plan Association

2027 Budget Presentation to Governing
Committee
October 13, 2026

TFPA Budget – New or Notable Items for 2027

- **Premium Projections** - Policy counts and exposures continue to steadily decline. Total 2027 written premium projection of \$189 million
- **Reinsurance** – Placeholder of \$61.7 million for the 2027/2028 TFPA reinsurance program based on forecasted reduction in exposures. The amount of reinsurance purchased by FAIR Plan is at the full discretion of the FAIR Plan Governing Committee.

TFPA 2027 Budget – Key Assumptions

The 2027 Budget includes the following assumptions:

- Rate level: The September 2026 rate increase is reflected in projected premiums. The budget does not include potential future rate changes.
- Forecast reflects January through June actuals and July through December forecasted amounts.
- The number of policies in force is projected to decrease from **107,845** policies at December 31, 2026, to **83,685** at year end 2027, a decrease of **24,160** policies (-22.4%).
- Employee merit increase is set at **3.0%**
- Operating expenses: Developed using zero-based detailed departmental budgets.

TFPA 2027 Budget – Key Assumptions

The 2027 Budget includes the following assumptions:

- The FAIR Plan **\$30 million** line of credit that was effective June 30, 2025, remains in place for two years. The line of credit has an annual commitment fee on unused funds of 30 basis points (approximately \$90,000). The budget anticipates the Line of Credit will be renewed July 1, 2027.
- Loss and loss adjustment expense ratios are based on actuarial rate indications.
- Commissions: Budgeted at \$19.9 million using average rate of **10.5%** for new and renewal policies.

TFPA 2027 Proposed Budget - Income Statement

(In 000s)

	For the twelve months ended December 31,				Variance B2027 vs B2026	Variance B2027 vs F2026	
	Forecast FY2026	Budget FY2026	Variance 2026	Budget FY2027			
Premiums Written:							
1 Direct	\$248,053	\$357,894	(\$109,841)	\$189,235	(\$168,658)	(\$58,818)	1
Premiums Earned:							
2 Direct	\$279,217	\$345,452	(\$66,235)	\$219,902	(\$125,550)	(\$59,315)	2
3 Ceded	(90,823)	(125,251)	34,428	(65,955)	59,296	24,868	3
4 Net	188,394	220,201	(31,807)	153,947	(66,254)	(34,447)	4
Deductions:							
5 Losses and LAE Incurred	68,977	79,326	(10,349)	47,045	(32,281)	(21,932)	5
6 Operating Expenses	19,696	20,781	(1,085)	20,875	94	1,178	6
7 Commission Expense	25,921	41,158	(15,237)	19,870	(21,288)	(6,051)	7
8 Ceding commissions / brokerage	(3,934)	(8,605)	4,671	(2,850)	5,755	1,084	8
9 Other Taxes and Fees	8	0	8	9	9	1	9
10 Total Deductions	110,668	132,659	(21,992)	84,949	(47,711)	(25,719)	10
11 Net Underwriting Gain or (Loss)	77,726	87,542	(9,816)	68,998	(18,543)	(8,728)	11
Other Income or (Expense):							
12 Gross Investment Income	7,152	5,359	1,793	7,621	2,262	469	12
13 Line of Credit Fees	(91)	(101)	10	(91)	10	-	13
14 Interest Expense on Line of Credit Advance	0	0	0	0	0	0	14
15 Member Assessment Income	0	0	0	0	0	0	15
16 Premium Charge Offs/Write Offs	(854)	(895)	41	(754)	141	100	16
17 Billing Fees	982	1,181	(199)	719	(462)	(263)	17
18 Other Income (Expense)	0	0	0	0	0	0	18
19 Total Other Income or (Expense)	7,190	5,544	1,646	7,495	1,951	305	19
20 Net Income (Loss)	\$84,916	\$93,086	(\$8,170)	\$76,493	(\$16,593)	(\$8,422)	20
21							21
22							22
23							23
24							24
25							25

Discussion Highlights

Written premiums year over year are projected to decrease by 23.7% to \$189.2 million.

Ceded Written Premiums for June 2027 – May 2028 are estimated at \$61.7 million based on projected exposures. Ceded Earned Premiums is budgeted at \$65.9 million.

Investment yields (rates) are budgeted to stay steady.

TFPA 2027 Budgeted Surplus and Key Ratios (In 000s)

	A	B	C	D	E	F	
	For the twelve months ended December 31,				Variance	Variance	
	Forecast FY2026	Budget FY2026	Variance 2026	Budget FY2027	B2027 vs B2026	B2027 vs F2026	
1 Surplus (Deficit) Account:							1
2 Beginning Surplus (Deficit)	65,372	60,144	5,228	150,016	89,872	84,644	2
3 Net Income (Loss)	84,916	93,086	(8,170)	76,493	(16,593)	(8,422)	3
4 Change in Provision for Reinsurance	(50)	(50)	0	(50)	-	-	4
5 Change in Non-Admitted Assets	(222)	(9)	(213)	98	106	319	5
6 Ending Surplus (Deficit)	\$150,016	\$153,171	(\$3,155)	\$226,557	\$73,386	\$76,541	6
7							7
8 Key Operating Ratios:							8
9 Direct:							9
10 Loss & LAE Ratio	24.7%	23.0%	1.7%	21.4%	(1.6%)	(3.3%)	10
11 UW Expense Ratio:							11
12 Acquisition	10.5%	11.5%	(1.0%)	10.5%	(1.0%)	0.1%	12
13 Non Acquisition	7.1%	6.0%	1.0%	9.5%	3.5%	2.4%	13
14 UW Expense Ratio	17.5%	17.5%	(0.0%)	20.0%	2.5%	2.5%	14
15 Direct Combined Ratio	42.2%	40.5%	1.7%	41.4%	0.9%	(0.8%)	15
16							16

Note: Forecast reflects January to June 2026 actuals and July to December 2026 forecast.

Proposed 2027 Budget Expense Summary

In \$000s

	A	For the twelve months ended December 31,			E	F	G	
		B	C	D				
		Forecast FY2026	Budget FY2026	Variance 2026	Budget FY2027	B2027 vs B2026 Inc (Dec)	B2027 vs F2026 Inc (Dec)	
1	Personnel Expenses	17,001	18,038	(1,037)	17,850	(187)	849	1
2	Professional & Consulting Services	4,575	4,778	(203)	4,665	(113)	90	2
3	Hardware/Software Purchases & Licensing	3,129	3,063	66	3,532	469	403	3
4	Rental & Maintenance - Office/Equipment	571	595	(23)	578	(17)	6	4
5	Travel Expenses	193	240	(47)	188	(52)	(5)	5
6	Postage, Telephone and Express	800	717	83	675	(42)	(125)	6
7	Capital Management Expenses	91	101	(10)	91	(10)	0	7
8	Depreciation	0	0	0	0	0	0	8
9	Other Operating Expenses	925	954	(29)	928	(26)	3	9
10	Gross Operating Expenses	27,286	28,485	(1,199)	28,507	22	1,221	10
11	Less: Adjustments/Allocations							11
12	Capitalization of Fixed Assets	0	0	0	0	0	0	12
13	Reimbursement of Depopulation Servicing Expense	0	0	0	0	0	0	13
14	Allocation To ULAE	(7,499)	(7,604)	105	(7,541)	63	(43)	14
15	Allocation To Investing	(91)	(101)	10	(91)	10	0	15
16	Total Adjustments/Allocations	(7,590)	(7,704)	115	(7,632)	72	(43)	16
17								17
18	Net Operating Expense - UW Operations	19,696	20,781	(1,085)	20,875	94	1,178	18

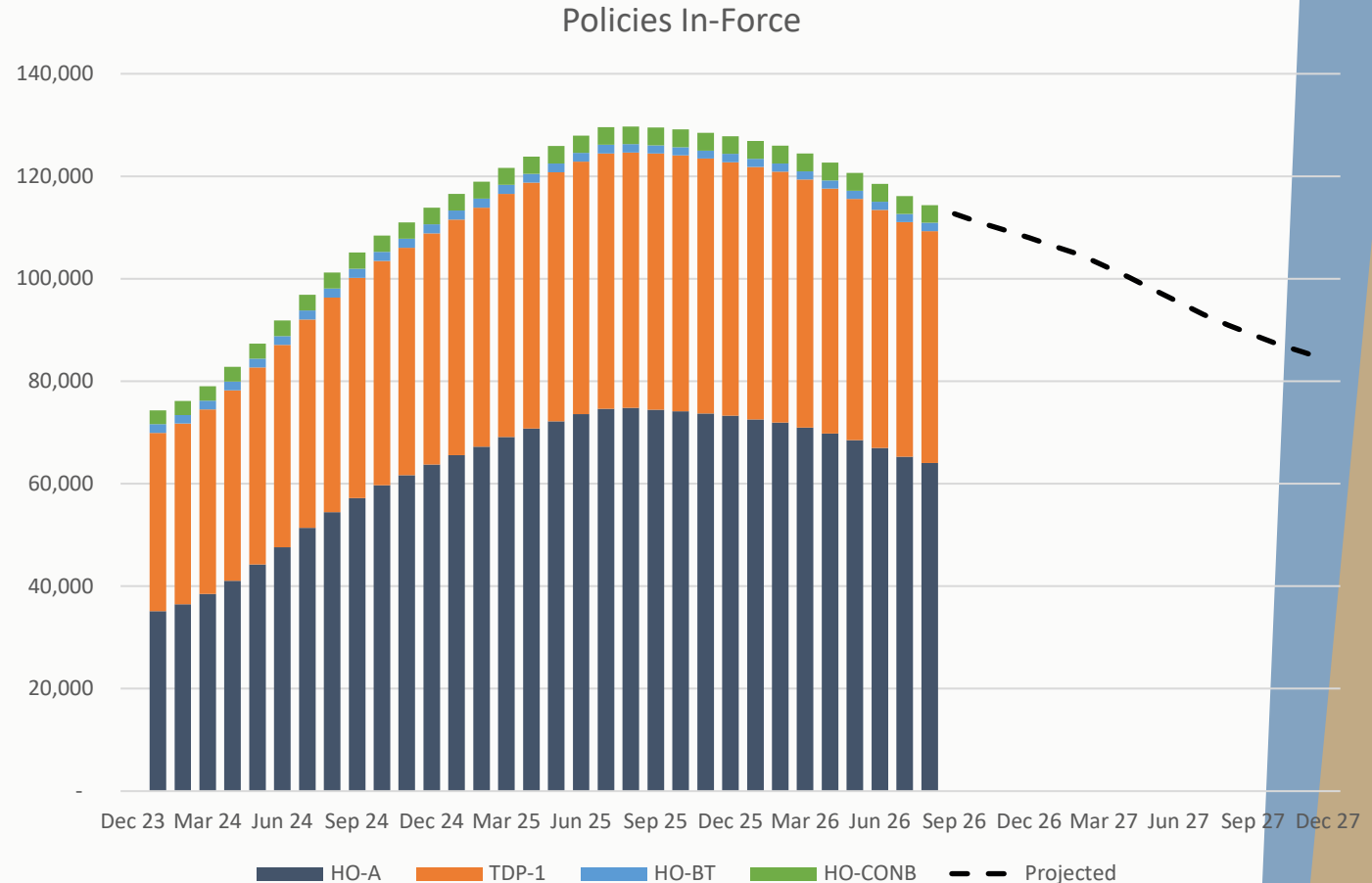
Texas FAIR Plan 2027 Budget

Premium Projections

Premium Projection - Policies In Force

Total Policies in Force	Year End
2023 (Actual)	72,626
2024 (Actual)	113,860
2025 (Actual)	127,835
2026 (Projection)	107,845
2027 (Budget)	83,685

2027 Budget – PIF as of 12/31/2027	
Class of Business	Count
Homeowners	44,069
Dwelling	34,742
Condominium	3,136
Tenant	1,738
TOTAL	83,685
% Annual Change	-22.4%



Graphical view of month-end policies in force from 2023 through 2027 budget.

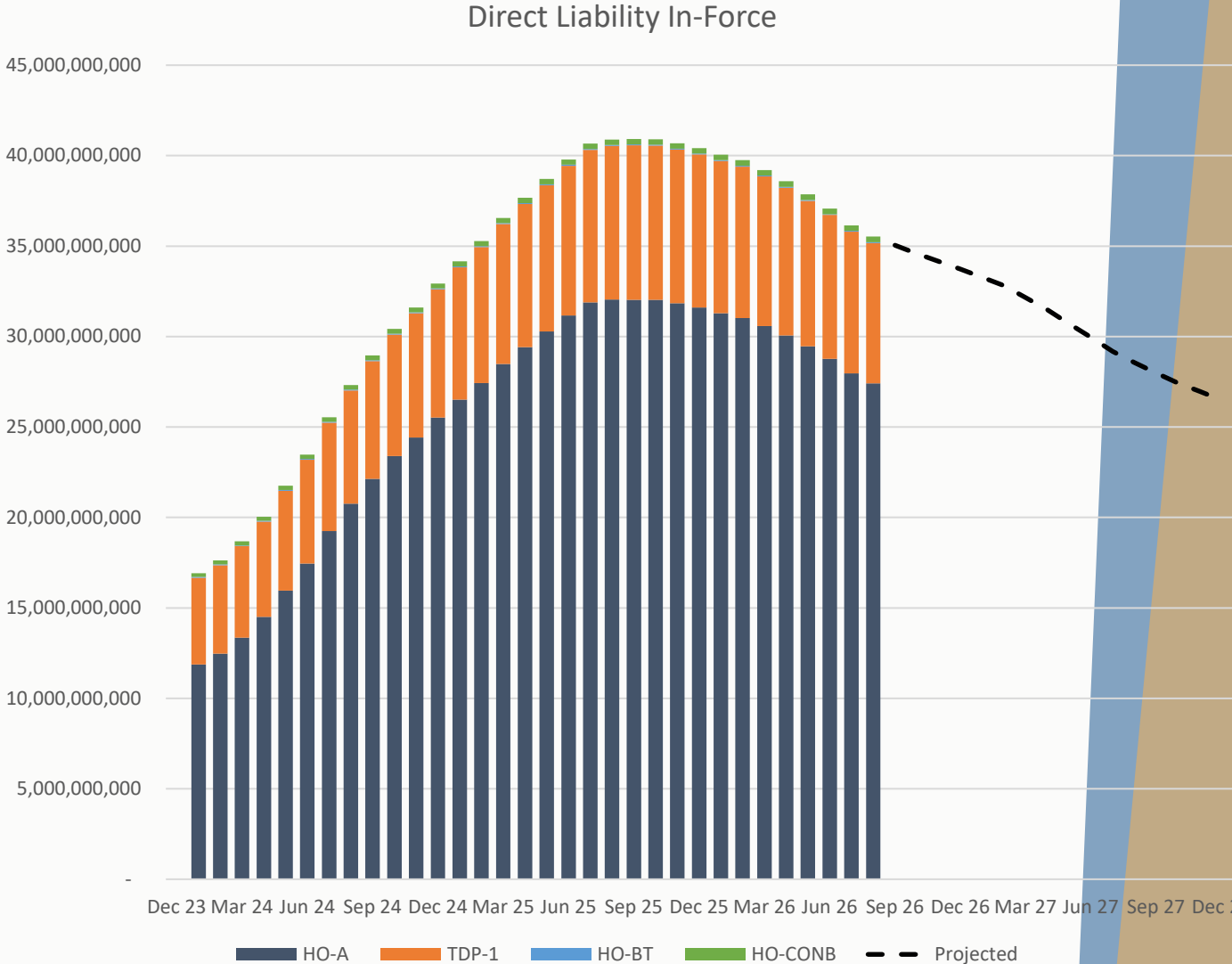
<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>	<i>F</i>	<i>G</i>	<i>H</i>	<i>I</i>	<i>J</i>	<i>K</i>	<i>L</i>
Policies in Force at December 31,											

	Forecast											% Change B2027 vs F2026
1	Class of Business	2018	2019	2020	2021	2022	2023	2024	2025	2026	Budget FY2027	
2	Homeowners - HO3	41,555	34,253	30,865	28,153	26,611	33,974	63,712	73,263	59,739	44,069	-26.2%
3	Dwelling - DP2	46,475	40,379	37,174	33,205	30,414	34,316	45,144	49,498	43,060	34,742	-19.3%
4	Condominium - HO6	4,059	3,670	3,463	3,130	2,713	2,670	3,234	3,482	3,399	3,136	-7.7%
5	Tenant - HO4	3,549	2,621	2,211	2,024	1,714	1,666	1,770	1,592	1,647	1,738	5.5%
6	Total	95,638	80,923	73,713	66,512	61,452	72,626	113,860	127,835	107,845	83,685	-22.4%
7	% Change	-10.9%	-15.4%	-8.9%	-9.8%	-7.6%	18.2%	56.8%	12.3%	-15.6%	-22.4%	

Premium Budget – Direct Liability in Force (Exposures)

Total Direct Liability in Force (In 000s)	
2023 (Actual)	\$16,275,786
2024 (Actual)	\$32,930,398
2025 (Actual)	\$40,419,648
2026 (Projection)	\$33,798,073
2027 (Budget)	\$26,474,535

2027 Budget – Exposures as of 12/31/2027 (In 000s)	
Class of Business	Amount
Homeowners	\$19,883,068
Dwelling	6,254,176
Condominium	286,234
Tenant	51,056
TOTAL	\$26,474,535
% Annual Change	-21.7%



Graphical view of month-end exposures in force from 2023 through 2027 budget.

TFPA Historical and Projected Exposures in Force

	A	B	C	D	E	F	G	H	I	J	K	L	
	Exposures in Force at December 31, (In 000s)												
											Budget	% Change	
1	Class of Business	2018	2019	2020	2021	2022	2023	2024	2025	Forecast 2026	FY2027	B2027 vs F2026	
2	Homeowners - HO3	9,837,297	8,522,822	7,960,202	7,318,776	7,365,929	11,334,275	25,516,250	31,603,646	25,974,024	19,883,068	-23.5%	2
3	Dwelling - DP2	5,082,484	4,601,376	4,361,752	3,879,984	3,686,824	4,685,713	7,089,767	8,461,091	7,472,243	6,254,176	-16.3%	3
4	Condominium - HO6	280,244	251,509	236,557	221,575	207,151	213,628	277,499	307,718	304,716	286,234	-6.1%	4
5	Tenant - HO4	85,483	65,816	57,608	50,866	41,840	42,168	46,881	47,191	47,091	51,056	8.4%	5
6	Total	15,285,508	13,441,524	12,616,119	11,471,201	11,301,744	16,275,783	32,930,398	40,419,648	33,798,073	26,474,535	-21.7%	6
7	% Change	-10.9%	-12.1%	-6.1%	-9.1%	-1.5%	44.0%	102.3%	22.7%	-16.4%	-21.7%		7

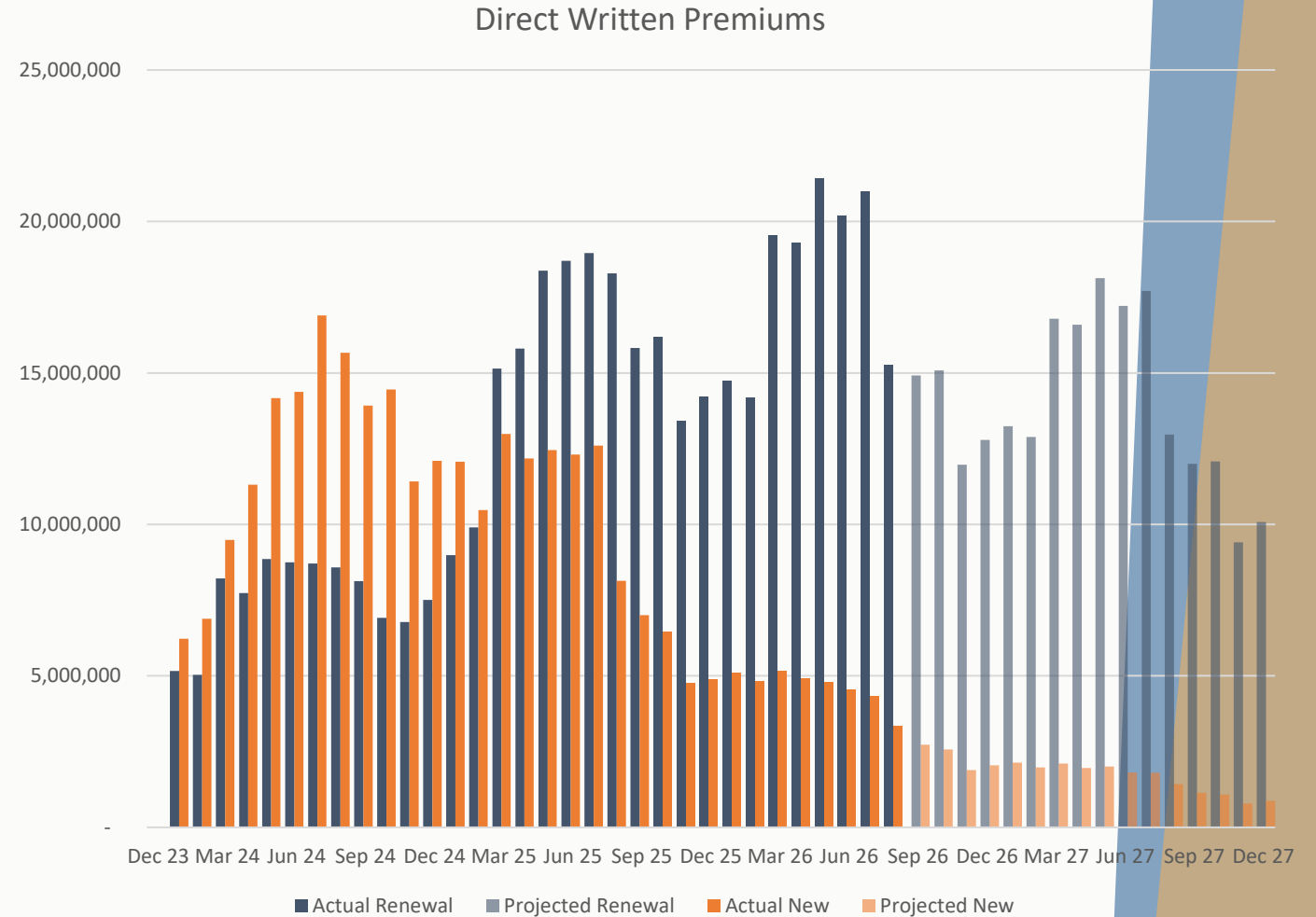
Premium Projection – Written Premium

Total Annual Direct Written Premiums

2023 (Actual)	\$113,460,197
2024 (Actual)	\$237,276,551
2025 (Actual)	\$237,276,551
2026 (Projection)	\$248,053,191
2027 (Budget)	\$189,235,377

2027 Budget – Direct Written Premiums

Class of Business	Amount
Homeowners	\$119,551,660
Dwelling	67,398,418
Condominium	2,022,417
Tenant	262,881
TOTAL	\$189,235,377
% Annual Change	-23.7%



Graphical view of monthly direct written premium from 2023 through 2027 budget.

TFPA 2027 Proposed Budget

REINSURANCE

Reinsurance Projection

- Actual 2026 contract reinsurance deposit premiums: **\$73.4 million**
- Estimated 2027 reinsurance deposit premiums: **\$61.7 million**

The above estimate is based on the projected decrease in TFPA's exposure. Actual reinsurance costs will depend on:

- the amount of reinsurance coverage purchased (The Governing Committee is not required to purchase to a specific loss amount)
- which additional coverages are purchased if any (drop down and Reinstatement Premium Protection (RPP))
- selected retention level
- changes in underlying reinsurance market conditions for the 2027 season. We consider flat for budget purposes.

TFPA 2027 Proposed Budget

Expenses

Expense Categories

TFPA budgets and tracks expenses in four primary categories:

Personnel Expenses

- Salary & Wages
- Contractors/Temp Help
- Payroll Taxes
- Employee Benefits
- Recruiting/Training/Other

EDP Equipment & Software

- Hardware
- Software Purchases and Licensing

Professional Services

- Legal
- Accounting & Auditing
- Information Technology
- Actuarial
- Surveys & Inspections
- Other Services

Other Operating Expenses

- Rent
- Maintenance
- Office Equipment
- Postage
- Telephone
- Travel
- Bureaus and Associations (ISO, PIPSO, TICO)
- Printing and Supplies
- Dues and Subscriptions
- Insurance
- Media and Advertising
- Service Charges (Bank Fees)

TFPA All Expenses Summary (In \$ 000s)

	A	B	C	D	E	F	G	H	I	
	For the twelve months ended December 31,					B2027 vs B2026		B2027 vs F2026		
		Forecast 2026	Budget FY2026	Variance 2026	Budget FY2027	\$	%	\$	%	
	Personnel Expenses									
1	Salaries & Wages - Permanent	9,654	9,806	(152)	10,720	915	9%	1,066	11%	1
2	Contractor & Temporary Help	3,523	4,474	(950)	3,106	(1,367)	-31%	(417)	-12%	2
3	Payroll Taxes	696	695	1	778	84	12%	83	12%	3
4	Employee Benefits	2,946	2,829	117	2,962	133	5%	16	1%	4
5	Recruiting, Training & Other	181	234	(53)	283	48	21%	101	56%	5
6	Subtotal	17,001	18,038	(1,037)	17,850	(187)	-1%	849	5%	6
7										7
8	Professional & Consulting Services									8
9	Legal	102	111	(9)	113	2	2%	11	11%	9
10	Accounting & Auditing	127	149	(22)	137	(12)	-8%	10	8%	10
11	Information Technology	1,322	1,341	(19)	1,340	(1)	0%	19	1%	11
12	Actuarial Services	24	24	0	25	1	3%	1	3%	12
13	Ombudsman Program	0	0	0	0	0	0%	0	0%	13
14	Surveys & Inspections	1,138	1,170	(32)	924	(245)	-21%	(214)	-19%	14
15	Disaster Recovery Services	2	3	(1)	2	(1)	-35%	(0)	-3%	15
16	Other Services	1,860	1,980	(120)	2,123	143	7%	263	14%	16
17	Subtotal	4,575	4,778	(203)	4,665	(113)	-2%	90	2%	17
18										18
19	Hardware/Software Purchases & Licensing	3,129	3,063	66	3,532	469	15%	403	13%	19
20	Rental & Maintenance - Office/Equipment	571	595	(23)	578	(17)	-3%	6	1%	20
21	Travel Expenses	193	240	(47)	188	(52)	-22%	(5)	-3%	21
22	Postage, Telephone and Express	800	717	83	675	(42)	-6%	(125)	-16%	22
23	Capital Management Expenses	91	101	(10)	91	(10)	-9%	0	0%	23
24	Depreciation	0	0	0	0	0	0%	0	0%	24
25	Other Operating Expenses	925	954	(29)	928	(26)	-3%	3	0%	25
26										26
27	Total Operating Expenses	27,286	28,485	(1,199)	28,507	22	0%	1,221	4%	27
28										28
29	Capitalization of Fixed Assets	0	0	0	0	0	0%	0	0%	29
30	Reimbursement of Depopulation Servicing Expenses	0	0	0	0	0	0%	0	0%	30
31	Allocation To ULAE	(7,499)	(7,604)	105	(7,541)	63	-1%	(43)	1%	31
32	Allocation To Investing	(91)	(101)	10	(91)	10	-9%	0	0%	32
33	Net Operating Expense - UW Operations	19,696	20,781	(1,085)	20,875	94	0%	1,178	6%	33

Increase in Salaries and Wages over forecast are primarily driven by additional full-time employees and proposed merit adjustments.

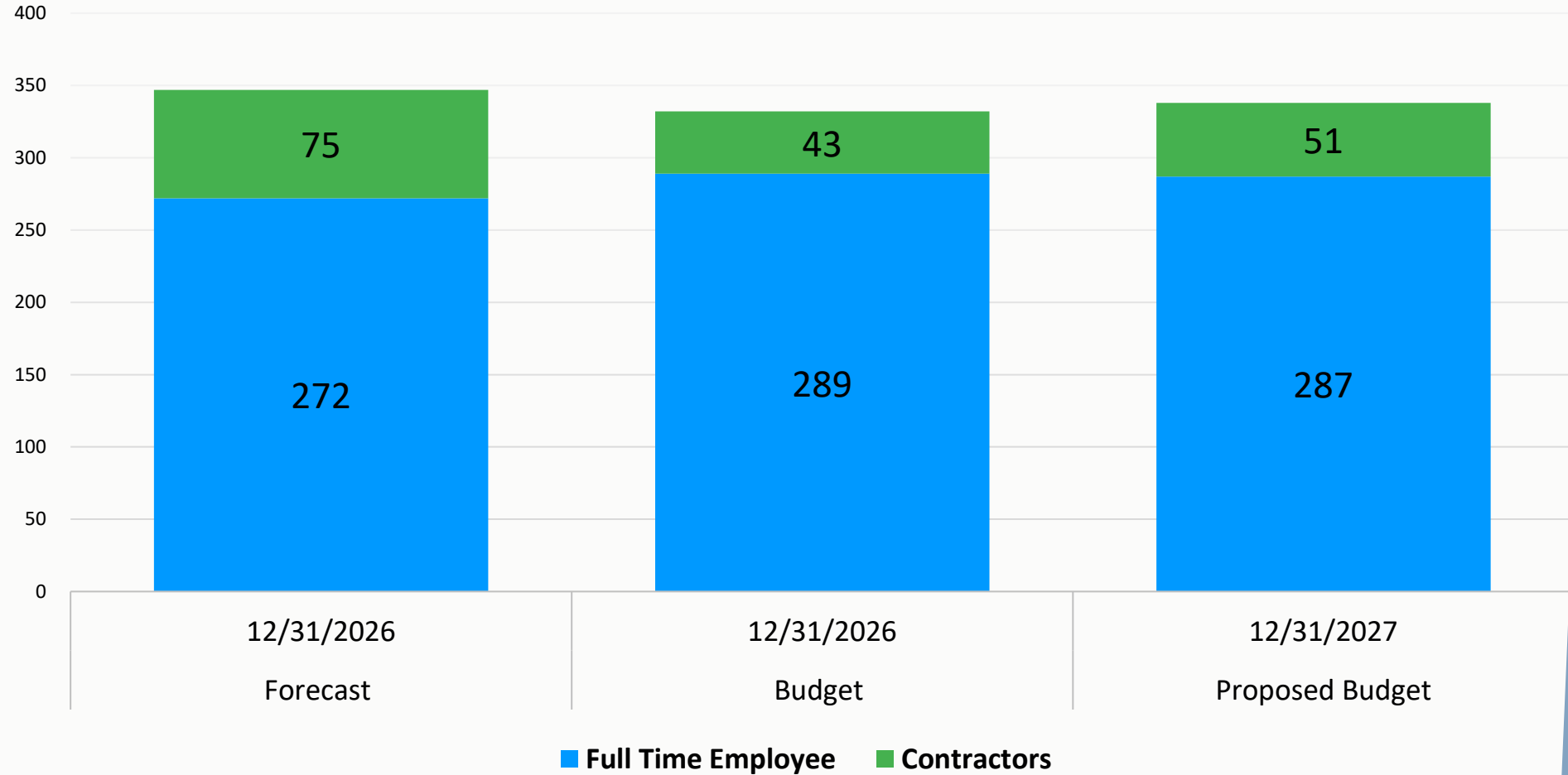
Contractor & temporary help decrease is primarily attributable to fewer claims examiners needed to handle claims related to Hurricane Beryl.

The increase in Hardware and Software is attributable to Guidewire Licensing fees.

Historical Operating Expenses by Category

	A	B	C	D	E	G	F	H	I	J	L	
	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Forecast	2026 Budget	2027 Budget	
1 TOTAL ALL DEPTS												1
2 Personnel Costs	\$15,105,525	\$11,350,250	\$11,065,152	\$10,076,419	\$10,218,143	\$10,868,945	\$17,025,328	\$17,082,000	\$17,000,885	\$18,037,715	\$17,850,295	2
3 Professional Services	7,519,066	4,938,527	3,975,824	2,293,651	2,275,448	3,056,706	7,561,943	5,053,424	4,575,153	4,778,270	4,664,797	3
4 Hardware & Software Licensing	1,177,267	1,305,467	1,304,142	1,286,390	1,418,291	1,417,429	1,789,544	2,504,798	3,129,413	3,063,006	3,532,398	4
5 Rental & Maintenance - Office/Equipment	748,160	684,883	678,653	670,781	737,988	525,789	539,033	553,511	571,488	594,640	577,551	5
6 Travel Expenses	73,599	63,988	10,184	12,302	68,288	114,119	99,896	121,438	192,836	240,303	187,979	6
7 Postage, Telephone and Express	423,073	412,485	348,767	452,930	343,499	414,306	654,553	804,841	799,830	716,632	674,571	7
8 Capital Management Expenses	84,056	121,667	150,501	164,160	91,250	91,472	91,500	91,250	91,250	100,800	91,250	8
9 Other Operating Expenses	551,225	509,274	477,148	435,640	334,825	383,402	609,502	815,289	925,054	953,935	928,142	9
10												10
11 GROSS OPERATING EXPENSES	25,681,969	19,386,542	18,010,370	15,392,273	15,487,733	16,872,168	28,371,300	27,026,549	27,285,910	28,485,301	28,506,983	11
12												12
13 Capitalization of Fixed Assets	0	0	0	0	0	0	0	0	0	0	0	13
14 Reimbursement of Depop Servicing Exp	0	0	0	0	0	0	0	0	0	0	0	14
15 Allocation To ULAE	(6,845,841)	(3,691,030)	(4,616,029)	(4,757,745)	(3,590,053)	(3,775,983)	(10,078,007)	(9,222,100)	(7,498,502)	(7,603,614)	(7,541,086)	15
16 Allocation To Investing & Other Exp	(84,056)	(121,667)	(150,501)	(164,160)	(91,250)	(91,472)	(91,500)	(91,250)	(91,250)	(100,800)	(91,250)	16
17 Net Operating Expense	\$18,752,073	\$15,573,845	\$13,243,840	\$10,470,369	\$11,806,430	\$13,004,713	\$18,201,792	\$17,713,199	\$19,696,157	\$20,780,887	\$20,874,647	17
18												18
19 Direct Earned Premium	104,488,425	90,423,217	82,158,825	77,565,541	75,432,120	92,200,633	169,126,080	279,388,315	279,216,974	345,451,874	219,902,042	19
20 Non Acquisition Expense Ratio	17.9%	17.2%	16.1%	13.5%	15.7%	14.1%	10.8%	6.3%	7.1%	6.0%	9.5%	20

Consolidated Headcount Summary – TWIA/TFPA



Employee Benefits – TFPA

	Description	for the 12 months ended December 31,				Budget 2027 vs Forecast 2026	Budget 2027 vs Budget 2026	
		Forecast FY2026	Budget FY2026	Variance-26	Budget FY2027			
1	Total Salary & Wages	9,653,956	9,805,581	(151,625)	10,720,341	1,066,385	914,760	1
2								2
3	Pension Plan	945,493	697,330	248,163	739,375	(206,118)	42,046	3
4	401 K Plan	493,381	528,682	(35,302)	581,288	87,907	52,605	4
5	Insurance & Related:						0	5
6	Medical	1,330,522	1,418,057	(87,534)	1,442,835	112,313	24,778	6
7	Dental	86,482	99,110	(12,627)	102,437	15,955	3,327	7
8	Life, LTD, STD & AD&D	70,881	68,449	2,432	77,010	6,129	8,560	8
9	All Other (1)	19,722	17,815	1,907	19,539	(183)	1,724	9
10	Total Insurance & Related	1,507,607	1,603,430	(95,823)	1,641,820	134,213	38,390	10
11								11
12	Total All Benefit Costs	2,946,481	2,829,442	117,039	2,962,483	16,002	133,041	12

(1) All Other Benefits include Vision, EAP, HSA fees, FSA fees, Extended Leave Admin fees

Benefits % to Salaries 30.5% 28.9% 27.6%

Professional & Consulting Services

2027 Budget vs. 2026 Forecast vs. 2026 Budget Comparisons (In \$000s)

	A	B	C	D	E	F	
	Forecast FY2026	Budget FY2026	Variance 2026	Budget FY2027	Variance B27 vs F26	Variance B27 vs B26	
1 Professional & Consulting Services							1
2 Legal	102	111	(9)	113	11	2	2
3 Accounting & Auditing	127	149	(22)	137	10	(12)	3
4 Information Technology	1,322	1,341	(19)	1,340	19	(1)	4
5 Actuarial Services	24	24	0	25	1	1	5
6 Ombudsman Program	0	0	0	0	0	0	6
7 Surveys & Inspections	1,138	1,170	(32)	924	(214)	(245)	7
8 Disaster Recovery Services	2	3	(1)	2	(0)	(1)	8
9 Other Services	1,860	1,980	(120)	2,123	263	143	9
10 Total Gross	4,575	4,778	(203)	4,665	90	(113)	10
11 Less:							11
12 Capitalized Amount	0	0	0	0	0	0	12
13 ULAE Allocation	(547)	(597)	51	(787)	(240)	(189)	13
14 Investment Expense Allocation	0	0	0	0	0	0	14
15 Professional Services, Net	4,028	4,181	(153)	3,878	(150)	(303)	15

Surveys and Inspections decreased in the 2027 budget due to the reduction in new business activity and policies in force.

TFPA Professional Services Top 10 Vendors

	A	B	C	D	E	F	G	H	
	Department/s	Vendor	2026 Forecast	2026 Budget	Variance 2026	2027 Budget	Variance B2027 vs F2026	Variance B2027 vs B2026	
1	Underwriting	Reliable Reports, Inc.	\$ 892,387	986,520	(94,133)	654,000	\$ (238,387)	(332,520)	1
2	Information Technology	Cynosure, Inc. dba Zensar Technologies	444,754	501,522	(56,768)	516,569	71,814	15,046	2
3	Underwriting	Clear Point Claims, LLC.	482,642	559,066	(76,423)	432,000	(50,642)	(127,066)	3
4	Information Technology	Stratus Technology Services, LLC.	355,139	363,274	(8,135)	372,957	17,818	9,683	4
5	Underwriting / Claims	Insurance Services Office, Inc. (Verisk)	406,689	312,441	94,248	351,299	(55,390)	38,858	5
6	Underwriting	Marshall & Swift/Boeckh, LLC. (CoreLogic)	271,840	262,786	9,054	337,925	66,085	75,139	6
7	Claims	Xactware Solutions, Inc.	146,704	183,774	(37,070)	212,620	65,916	28,846	7
8	Information Technology	Transferpath, LLC.	121,271	127,500	(6,229)	131,376	10,105	3,876	8
9	Claims	Lynx Services LLC	67,785	69,600	(1,815)	117,600	49,815	48,000	9
10	Underwriting	LexisNExis Risk Solutions Inc.	88,541	84,938	3,603	83,226	(5,315)	(1,712)	10
11	Various departments	Other Vendors	1,297,400	1,326,849	(29,449)	1,455,225	157,825	128,376	11
12									
13		Total Professional Services	\$ 4,575,153	\$ 4,778,270	\$ (203,117)	\$ 4,664,797	\$ 89,644	\$ (113,473)	13

Hardware and Software

2027 Budget vs. 2026 Forecast vs. 2026 Budget Comparisons (In \$000s)

	A	B	C	D	E	F	
	Forecast FY2026	Budget FY2026	Variance 2026	Budget FY2027	Variance B27 vs F26	Variance B27 vs B26	
1 Hardware and Software							1
2 Hardware	135	142	(7)	64	(71)	(78)	2
3 Software Licensing Fees	2,994	2,921	73	3,468	474	547	3
4 Total Gross	3,129	3,063	66	3,532	403	469	4
5 Less:							5
6 Capitalized Amount	0	0	0	0	0	0	6
7 ULAE Allocation	(614)	(602)	(11)	(696)	(83)	(94)	7
8 Investment Expense Allocation	0	0	0	0	0	0	8
9 Hardware & Software, Net	2,516	2,461	55	2,836	320	376	9

All Other Expenses Details

(In \$000s)

		A	B	C	D	E	F	
Description		for the 12 months ended December 31,				Variance		
		Forecast FY2026	Budget FY2026	Variance 2026	Budget FY2027	B27 vs F26	B27 vs B26	
1	Office Rent	488	494	(6)	502	14	8	1
2	Utilities expense	0	0	0	0	0	0	2
3	Equipment/Storage Rental	6	7	(1)	9	2	2	3
4	Office Relocation Expense	0	0	0	0	0	0	4
5	Repair & Maintenance	77	93	(16)	67	(10)	(27)	5
6	Other Office & Equip Expense	0	0	0	0	0	0	6
7	Total Rental & Maintenance	571	595	(23)	578	6	(17)	7
8								8
9	Board meetings	94	103	(9)	94	(0)	(10)	9
10	Storm Related	0	0	0	0	0	0	10
11	Workshops	0	1	(1)	1	1	0	11
12	Other Travel	99	136	(37)	93	(5)	(43)	12
13	Total Travel Expenses	193	240	(47)	188	(5)	(52)	13
14								14
15	Postage/Courier	660	594	67	580	(81)	(14)	15
16	Telephone	139	123	16	95	(45)	(28)	16
17	Total Postage, Tele & Express	800	717	83	675	(125)	(42)	17
18								18
19	Line of Credit Fees	91	101	(10)	91	0	(10)	19
20	Investment Expense - TTSTC Fees	0	0	0	0	0	0	20
21	Total Capital Mgt Expenses	91	101	(10)	91	0	(10)	21
22								22
23	Boards, Bureaus & Assoc	211	194	18	194	(17)	1	23
24	Printing & Supplies	323	310	14	299	(24)	(10)	24
25	Dues & Subscriptions	126	148	(21)	147	21	(0)	25
26	Insurance	63	94	(31)	64	1	(30)	26
27	Media and Advertising	1	20	(19)	8	7	(12)	27
28	Depreciation & Amortization	0	0	0	0	0	0	28
29	Bank Charges	189	174	15	203	14	29	29
30	Other Expenses	12	15	(3)	12	1	(3)	30
31	Total Other Operating Exp	925	954	(29)	928	3	(26)	31
32								32
33	Total All Other Expenses	2,580	2,606	(26)	2,459	(121)	(147)	33

TFPA 2027 Proposed Budget - Income Statement

(In 000s)

	For the twelve months ended December 31,				Variance B2027 vs B2026	Variance B2027 vs F2026	
	Forecast FY2026	Budget FY2026	Variance 2026	Budget FY2027			
Premiums Written:							
1 Direct	\$248,053	\$357,894	(\$109,841)	\$189,235	(\$168,658)	(\$58,818)	1
Premiums Earned:							
2 Direct	\$279,217	\$345,452	(\$66,235)	\$219,902	(\$125,550)	(\$59,315)	2
3 Ceded	(90,823)	(125,251)	34,428	(65,955)	59,296	24,868	3
4 Net	188,394	220,201	(31,807)	153,947	(66,254)	(34,447)	4
Deductions:							
6 Losses and LAE Incurred	68,977	79,326	(10,349)	47,045	(32,281)	(21,932)	6
7 Operating Expenses	19,696	20,781	(1,085)	20,875	94	1,178	7
8 Commission Expense	25,921	41,158	(15,237)	19,870	(21,288)	(6,051)	8
9 Ceding commissions / brokerage	(3,934)	(8,605)	4,671	(2,850)	5,755	1,084	9
10 Other Taxes and Fees	8	0	8	9	9	1	10
11 Total Deductions	110,668	132,659	(21,992)	84,949	(47,711)	(25,719)	11
12 Net Underwriting Gain or (Loss)	77,726	87,542	(9,816)	68,998	(18,543)	(8,728)	12
Other Income or (Expense):							
13 Gross Investment Income	7,152	5,359	1,793	7,621	2,262	469	13
14 Line of Credit Fees	(91)	(101)	10	(91)	10	-	14
15 Interest Expense on Line of Credit Advance	0	0	0	0	0	0	15
16 Member Assessment Income	0	0	0	0	0	0	16
17 Premium Charge Offs/Write Offs	(854)	(895)	41	(754)	141	100	17
18 Billing Fees	982	1,181	(199)	719	(462)	(263)	18
19 Other Income (Expense)	0	0	0	0	0	0	19
20 Total Other Income or (Expense)	7,190	5,544	1,646	7,495	1,951	305	20
Net Income (Loss)	\$84,916	\$93,086	(\$8,170)	\$76,493	(\$16,593)	(\$8,422)	21

Questions & Discussion

