



**Meeting of the Governing Committee
Texas FAIR Plan Association
Teleconference/Web Conference****

August 2, 2021
Webinar
3:00 p.m.

Interested parties can listen to the meeting live by going to www.texasfairplan.org.
Go to "About Us/Governing Committee" and click on the webinar link.

*Indicates item on which the General Manager believes the TFPA Governing Committee is likely to take action. However, the Governing Committee may take action on any item that appears on this agenda.

1. Call to Order
 - A. Welcoming Remarks – *John Miletti* *5 minutes*
 - B. Reminder of Anti-Trust Statement– *John Miletti/Counsel*
 - C. Meeting Format Information – Kristina Donley
2. Approve the Minutes from Prior Governing Committee Meeting *5 minutes*
– *John Miletti**
3. TFPA Operational Highlights – *John Polak* *5 minutes*
4. Financial *20 minutes*
 - A. Report of the Secretary/Treasurer – *Wendy Mueller**
 1. Income Statement
 - B. Financial Statement Review by Staff – *Jerry Fadden*
 1. Management Discussion and Analysis
 2. Income Statement
 3. Expense Statement
 4. Balance Sheet
 5. Cash Flow Statement
 6. Cash & Short-Term Investments
 7. Historical Data
 8. Policy Count/Exposures
 - C. 2021 Hurricane Season Funding Including Renewal of Line of Credit – *Jerry Fadden**
 - D. Selection of Auditors/Accountants for 2021 – *Jerry Fadden**
5. Actuarial – *Jerry Fadden* *15 minutes*
Reserve Adequacy

6. Internal Audit – <i>Bruce Zaret – Weaver</i> Internal Audit Status & Update	5 minutes
7. Underwriting – <i>Denise Larzalere</i> Operational Review Update	5 minutes
8. Claims and Litigation A. Claims Operations – <i>Dave Williams</i> B. Litigation Report – <i>David Durden</i>	15 minutes
9. TFPA Operations Communications Update – <i>Jennifer Armstrong</i>	20 minutes
10. Closed Session (Governing Committee Only) A. Personnel Issues B. Legal Advice	10 minutes
11. Consideration of Issues Related to Matters Deliberated in Closed Session that May Require Action, if any, of the Governing Committee*	5 minutes
12. Future Meetings – <i>John Polak</i> <ul style="list-style-type: none"> December 6, 2021 – Omni Hotel – Corpus Christi, TX February 21, 2022 – Hyatt Regency – Austin, TX May 16, 2022 – Hyatt Regency – Austin, TX 	5 minutes
13. Committees – <i>John Milette</i>	5 minutes
14. Adjourn	
Estimated Total Length of Meeting	2 hours 00 minutes

** In accordance with Governor Abbott’s directive suspending certain statutory provisions relating to open meetings and requiring certain actions of the boards of governmental bodies, this meeting may be conducted entirely by teleconference or web conference with no one gathered at a physical location.

1. Anti-Trust Statement



TEXAS FAIR PLAN
ASSOCIATION

Anti-Trust Statement

The creation and operation of the Fair Access to Insurance Requirements (FAIR) Plan Association is authorized under Article 21.49A (now Chapter 2211) of the Texas Insurance Code. The Governing Committee is authorized to administer the FAIR Plan.

When involved in meetings or other activities of the FAIR Plan, Governing Committee members and insurer and agent participants are bound to limit their discussions and actions to matters relating solely to the business of the FAIR Plan and shall not discuss or pursue the business interests of individual insurers, agents, or others. There should be no discussions of or agreements to act that serve to restrain competition. This prohibition includes the exchange of information concerning individual company rates, coverage, market practices, claim settlement practices and other competitive aspects of individual company operations. Each member is obligated to speak up immediately for the purpose of preventing any discussion of any of the foregoing subjects. Counsel is asked to help us be mindful of these restraints and to alert us when our discussion goes into any of the prohibited subject areas.

2. Approve the Minutes

**Minutes of the Texas FAIR Plan Association
Governing Committee Meeting
Teleconference (Webinar)**

5700 South Mopac Expressway
Building A
Austin, Texas 78749



May 17, 2021

The Following Governing Committee Members were Present, Representing:

- | | |
|--|-----------------------------------|
| 1. John Milette (Chair) | Travelers |
| 2. Mark Solomon (Vice Chair) | Assurnet |
| 3. Wendy Mueller (Secretary/Treasurer) | State Farm |
| 4. Debbie King | Republic |
| 5. Frank Baumann | Public Member |
| 6. Georgia Neblett | Public Member |
| 7. Tim McCarthy | Texas Farm Bureau |
| 8. Marilyn Hamilton | Public Member |
| 9. Corise Morrison | USAA |
| 10. Marianne Baker | Ex-Officio Non-Voting Member, TDI |

Absent: E. Jay Sherlock

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

- | | |
|---|-------------------------|
| 1. John Polak, General Manager | TFPA |
| 2. Jerry Fadden, Chief Financial Officer | TFPA |
| 3. Denise Larzalere, VP Underwriting | TFPA |
| 4. Dave Williams, VP Claims | TFPA |
| 5. David Durden, VP Legal | TFPA |
| 6. Jennifer Armstrong, VP Communications and
Legislative Affairs | TFPA |
| 7. Camron Malik, Chief Information Officer | TFPA |
| 8. JD Lester, VP Human Resources | TFPA |
| 9. Jim Murphy, Assistant VP Analytics and
Special Projects | TFPA |
| 10. Amy Koehl, Executive Assistant | TFPA |
| 11. Kristina Donley, Senior Instructional Designer | TFPA |
| 12. Mike Perkins, Association Counsel | Perkins Law Group, PLLC |

The Following Guests were Present:

- | | |
|------------------|--------------------------|
| 1. Clark Thomson | Calhoun, Thomson + Matza |
| 2. Tad Delk | Guy Carpenter |
| 3. Bruce Zaret | Weaver |

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

- | | |
|--------------------|---------------------|
| 1. Cassandra Brown | 12. Xiuyu Li |
| 2. Marie Campbell | 13. Clarisse Lilley |

- | | |
|--------------------|-----------------------|
| 3. Angie Cervantes | 14. Laura Machado |
| 4. Ebony Cormier | 15. Katelyn Marak |
| 5. Matt Diamond | 16. David Muckerheide |
| 6. Rachel Ernst | 17. Anne O'Ryan |
| 7. Allen Fulkerson | 18. Brian Ryder |
| 8. Carlos Garcia | 19. Kenisha Schuster |
| 9. Dan Halladay | 20. Anna Stafford |
| 10. Stuart Harbour | 21. Aaron Taylor |
| 11. Jeff Jones | 22. Rachel Wang |
| | 23. Scott Weiss |

1. Call to Order: Chairman John Milette called the meeting to order at 3:00 p.m. Governing Committee members were provided with a copy of the anti-trust statement and reminded of the prohibitions in the anti-trust statement by counsel. Kristina Donley provided housekeeping information to the attendees. Mr. Perkins conducted a roll call of attendees.
2. Welcoming Remarks: Mr. Milette welcomed attendees to the meeting.
3. Approval of the Minutes from Prior Governing Committee Meeting: The minutes from the March 22, 2021 meeting were reviewed. Ms. Neblett moved to approve the minutes. Ms. Mueller seconded the motion. The motion passed.
4. TTPA Operational Highlights: Mr. Polak reported the Association remains below plan for Q1 2021 operating expenses and is on track to complete Association objectives for all strategic initiatives in 2021. Underwriting and claim service levels exceeded turnaround time and quality standards. The Association remains well below plan on litigated claims in Q1 2021.
5. Financial:
 - A. Report of the Secretary/Treasurer: Ms. Mueller reviewed the Treasurer's Report. Ms. Morrison moved to approve the report. Mr. Solomon seconded the motion. The motion passed.
 - B. Financial Statement Review by Staff: Direct written premiums through March 2021 totaled \$18.6 million, a decrease of \$692,000 or 3.6% from the \$19.3 million for the same period in the prior year due to continued declines in policy count. Direct written premium was \$1.3 million higher than the budgeted \$17.3 million. Policies in force on March 31, 2021 totaled 72,355 or 155 policies over the budget of 72,200. At year end 2020, total policies were 73,713.

Direct premiums earned for the three months ended March 31, 2021 were \$19.5 million or \$1.5 million (7.3%) lower than the same period in 2020 but were \$582,000 higher than the budget of \$18.9 million.

TFPA successfully placed the 2020-2021 reinsurance program, incepting on July 1, 2020. The program provides coverage of \$385 million in excess of a \$40 million initial retention and includes a “second event” cover that reduces the net retention to \$10 million. Total ceded earned premiums through March 31, 2021 totaled \$7.2 million, which was slightly above budget by \$35,000. Ceded premium is written in July of each year and earned throughout the following twelve-month period.

Net premium earned through March 31, 2021 was \$12.2 million, which exceeded the budget of \$11.7 million by \$547,000.

Year-to-date direct losses and LAE totaled \$13.2 million and include estimated ultimate losses and LAE of approximately \$8.0 million for winter storm Uri. Incurred losses and LAE are above budget by \$7.2 million. The YTD direct loss & LAE ratio is 68% compared to the budgeted loss & LAE ratio of 32%.

March YTD operating expenses of \$2.6 million were under budget by \$263,000 or 9.1% and \$1.1 million below prior year levels. Notable expense items under budget include IT consulting (\$55,000), surveys & inspections (\$49,000), other professional services (\$54,000) and hardware/software (\$28,000).

Commission expense and premium taxes year-to-date were above budget by a combined \$111,000 or 5.1% due to higher than budgeted written premium.

YTD March 2021 gross investment income was \$1,260, which was \$3,820 below the budget of \$5,080. Investment yields remain at near zero levels as the Federal Reserve maintains a low short-term interest rate environment.

TFPA’s financial results year-to-date reflect a net loss of \$6.0 million compared to the budgeted income of \$501,000 due primarily to winter storm Uri.

As of March 31, 2021, the Association had a deficit of \$636,000 or \$6.6 million below the surplus at December 31, 2020 of \$6.0 million. Surplus was also reduced by \$675,000 year-to-date due to an increase in non-admitted assets related to prepayments for Guidewire and Eagleview licenses and premium tax.

- C. Investment Plan Review: Annually, the TFPA Governing Committee reviews the adequacy and implementation of the Association’s investment plan as reflected in the Statement of Investment Objectives and Guidelines.

The primary focus of the investment plan is asset preservation and liquidity, along with compliance with the Texas Insurance Code and Plan of Operation of the Association.

On a quarterly basis, TFPA reviews the following criteria to monitor our counterparty relationships:

- Bank ratings and credit ratings from Moody or Standard and Poor's must meet 'AAA,' 'AA,' or 'A' ratings defined as "superior or strong" in credit ratings.
- Tier 1 capital ratio must be above a 10% ratio.
- The National Association Regulatory Capital must be in excess of \$25 billion.
- Total investment in any one financial institution will not exceed .2% of the national association's regulatory capital.
- Total investment in any one financial institution will not exceed 40% of TFPA's total portfolio.

At this time, staff is not recommending any changes to the investment plan. Ms. Neblett moved that the Governing Committee of the Texas Fair Plan Association acknowledges its review of the adequacy and implementation of the investment plan of the Association and accepts staff's recommendation to make no changes to the investment plan at this time. Ms. Mueller seconded the motion. The motion passed.

- D. Financial Audit by Calhoun, Thomson + Matza: Clark Thomson provided a review of the audit findings. Mr. Solomon moved to accept the audit report. Ms. Morrison seconded the motion. The motion passed.

6. Actuarial:

- A. Reserve Adequacy: TFPA actuarial staff has completed a review of Texas FAIR Plan Association loss and loss adjustment expense reserves as of March 31, 2021. Based on this review, the "indicated" ultimate costs of Hurricane Harvey is \$84.5 million, remaining the same as the indicated ultimate loss and expense estimate based on the review as of December 31, 2020. Due to uncertainties surrounding the adequacy of case reserves and the outcomes of disputed claims, the "selected" ultimate gross loss & expense estimate has been maintained at \$85 million.

As of March 31, 2021, TFPA carried \$22.9 million in total gross loss and loss adjustment expense reserves with \$6.6 million of the total gross losses and expenses ceded to reinsurance companies rated A- or better by A.M. Best Company. Collectability risk has been reviewed and found to be immaterial relative to total gross reserve.

In the opinion of the senior actuary, the Association's net reserves met the requirements of the insurance laws of Texas, were consistent with reserves computed in accordance with accepted actuarial standards and principles and made a reasonable provision for all combined unpaid loss and loss expense obligations of the Association under the terms of its contracts and agreements. The opinion on the loss and loss adjustment expense reserves net of ceded reinsurance assumes that all ceded reinsurance is valid and collectible.

- B. Rate Filing Update: Mr. Fadden reported the rate filing was made in January. It was approved as of April 22 and the effective date for the rate increases will be August 1, 2021.

- C. Policy Count/Exposures: Policy counts are down year over year in most counties.
- D. 2021 Funding: Tad Delk from Guy Carpenter reviewed a presentation provided to the TFPA Governing Committee members. After discussion, Tim McCarthy moved to go with option two, \$350M xs \$40M, with the inclusion of \$10M xs \$30M. Mr. Solomon seconded the motion. Mr. Solomon seconded the amended motion. The motion passed.

7. Internal Audit:

- A. Internal Audit Status & Update: Mr. Zaret reported the current audit activities, including legal and compliance, communications, disaster recovery, governance and cash management. Upcoming audits include information security, premium taxes, fraud risk assessment, plan of operation and actuarial.

8. Underwriting:

- A. Operational Review Update: Underwriting continues to have consistent turnaround time on all policy transactions. The department goal is to issue 90% of new business submissions, endorsements, renewals and cancellations within 10 days. That standard is being surpassed with over 96% of all transactions processed within 10 days and with approximately 87% of new business via straight through processing. Quality assurance goals on the underwriting decisions continue to meet or exceed established goals.

Customer service telephone response time is within our established goals. Call volumes are starting to return to pre-pandemic patterns.

Underwriting operated under budget in the first quarter, driven by managing head count and personnel costs, reduced inspections and lower call center expense.

A standard sample of agencies were selected for review in the first quarter of 2021 to verify compliance with the declination of coverage requirement and TFPA producer requirements and performance standards. Seventy-five percent of agents have responded, with follow up requests being sent to the remaining agents. Proof of declination was received for eighty-six percent of the policies selected. Staff is following up for outstanding proof of declinations. Signed applications and eligibility statements were provided for seventy-three percent of the policies selected. Staff is following up with the agents who have not yet provided signed applications. All agents audited have an active property & casualty insurance license and all agents have the required direct standard market appointments.

9. Claims:

- A. Claims Operations: First notice of loss to payment is averaging 14 days. For the 2021 February winter storm, new claims totaled 4,509 and currently 4,165 are closed. There is an open inventory of 344 claims.
- B. Claims Litigation: Seven new first party suits came in during the first quarter of 2021 and forty first party suits were closed. Twenty-seven first party TFPA claims

and one third party claim with letters of representation came in during the first quarter. Fourteen first party and one third party suit were closed during the quarter. Currently, the Buzbee Law Firm/Manuel Solis hold the majority of the suits.

10. TFPA Operations:

- A. IT Systems Enhancements: The New Normal program, which will accommodate a flexible workforce capable of working seamlessly on-site or remotely, is on schedule. The New Normal program comprises four major work threads, consisting of people, change management, space management and technology and infrastructure. All work threads are progressing well.

The TFPA implementation continues in production support model with releases occurring on their monthly cadence, delivering functionality for the business with quality and timeliness. The infrastructure and operations team continues to support remote work with excellent quality. All technology support and projects are on track.

- B. Ethics Policy: As part of the normal cycle for the review of policies, staff has reviewed and revised the Association's Ethics Policy. The current Ethics Policy was initially adopted in 2011 and revised in 2016. The Ethics Policy was developed in compliance with Section 2210.107 of the Insurance Code, which requires the TWIA Board of Directors establish a code of conduct.

The revised document includes editorial changes, such as updating the mission and values statements, changing the references to "TFPA/TWIA" and "Associations" to the "Association" and adding examples to selected sections. Mr. McCarthy moved to accept the revised TWIA Ethics Policy. Ms. Mueller seconded the motion. The motion passed.

- C. Communications Update: Most legislative and regulatory inquiries received during first quarter, January 1 through March 31, 2021, were related to TWIA matters. Staff continues to provide recurring operational email updates to the TFPA Governing Committee, TDI, legislative staff and coastal elected officials and stakeholders.

11. Closed Session: There was no closed session.

12. Consideration of Issues Related to Matters Deliberated in Closed Session that May Require Action, If Any, of the Governing Committee: There were no items to consider.

13. Future Meetings: The next meetings will take place on the following dates:

- August 2, 2021 – Webinar
- December 6, 2021 – Webinar

14. Committees: There was nothing to report.

15. Adjourn: There being no further business the meeting adjourned at 4:38 pm.

Prepared by: Amy Koehl
Executive Assistant

Approved by: John Milette
TFPA Chairman

3. TFPA Operational Highlights

2021 TFPA Enterprise Scorecard

Reporting YTD as of June 30, 2021



	YTD	Trend	Goal	Δ	Performance
Operating Expense Ratio	13.7%		15.5%	-1.8%	
Net Gain from Operations	-\$7.1 M		-\$2.2 M	-\$4.9 M	
Enterprise Projects	93%		90%	3%	
Policy Administration	99%		90%	9%	
Claims Handling	91%		90%	1%	
Litigated Claims	0.04%		1.00%	-0.96%	
Complaints	14		9	5	

Reference Data

Policies In-Force	70,483
Exposures In-Force	\$12.1 billion
Written Premiums YTD	\$40.1 million
Claims Received YTD	7,032
Losses Incurred YTD ¹	\$17.3 million

¹ Excludes IBNR

Key Quarterly Activities

- Secured \$360 million in total funding for the 2021 hurricane season.
- Trained more than 800 adjuster resources virtually in the Claims Department's annual Hurricane Preparedness and Adjuster Certification Conference.
- Remain below plan for Q2 2021 operating expenses.
- On track to complete Association objectives for all strategic initiatives in 2021.
- Exceeded turnaround time and quality standards on Underwriting and Claim service levels.
- Remain well below plan on litigated claims in Q2 2021.

4. Financial

4A. Report of the Secretary/Treasurer

4A1. Income Statement

TEXAS FAIR PLAN ASSOCIATION
Statutory Income Statement - Treasurer's Report
for the six months ended June 30,
(000's omitted)

	2021	2020
Direct Premiums Written	\$ 40,057	\$ 41,894
Premiums Earned:		
Direct Premiums Earned	\$ 38,944	\$ 41,532
Ceded Reinsurance Premiums	(14,465)	(14,602)
Net Premiums Earned	24,480	26,930
Deductions:		
Direct Losses and LAE Incurred	21,154	20,933
Direct Losses and LAE Incurred - Harvey	-	-
Ceded Losses and LAE Incurred - Harvey	-	-
Operating Expenses	5,344	7,167
Commission Expense	4,177	4,402
Ceding commissions / brokerage	-	-
Premium / Maintenance Tax	747	790
Total Deductions	31,423	33,292
Net Underwriting Gain or (Loss)	(6,943)	(6,362)
Other Income or (Expense):		
Investment Income	2	117
Investment Expenses (Line of Credit Commitment Fee)	(101)	(62)
Interest Expense on Line of Credit Advance	-	-
Sales Tax Refund and Other Income (Expense)	-	-
Member Assessment Income	-	-
Charge off's /Write off	(181)	(12)
Billing Fees	97	137
Total Other Income or (Expense)	(183)	179
Net Income (Loss)	\$ (7,126)	\$ (6,183)
Surplus (Deficit) Account:		
Beginning Surplus (Deficit)	6,006	12,133
Net Income (Loss)	(7,126)	(6,183)
Change in Provision for Reinsurance	333	95
Change in nonadmitted assets	(151)	(250)
Other	-	-
Ending Surplus (Deficit)	\$ (938)	\$ 5,796

4B. Financial Statement Review by Staff

4B1. Management Discussion and Analysis

4B2. Income Statement

4B3. Expense Statement

4B4. Balance Sheet

4B5. Cash Flow Statement

4B6. Cash & Short-Term Investments

4B7. Historical Data

4B8. Policy Count/Exposures

Texas FAIR Plan Association
Management's Discussion and Analysis of Financial Results for the
Six Months Ended June 30, 2021

Direct Written Premium:

- Direct written premiums through June 2021 totaled \$40.1 million, a decrease of \$1.8 million or 4.4% from the \$41.9 million for the same period in the prior year due to a 7.8% year over year decline in total policy counts, only partially offset by the rate increase effective 7/1/2020.. Direct Written Premium was \$2.4 million higher than the budgeted \$37.6 million.
- Policies in force at June 30, 2021 totaled 70,483 or 317 policies under the budget of 70,800. At year end 2020 total policies were 73,713.

Direct Premiums Earned:

- Direct premiums earned for the six months ended June 30, 2021 were \$38.9 million or \$2.6 million (6.2%) lower than the same period in 2020 but were \$1.5 million higher than the budget of \$37.4 million.

Reinsurance Costs:

- TFPA successfully placed the 2020-2021 reinsurance program, incepting on July 1, 2020. The program provides coverage of \$385 million in excess of a \$40 million initial retention and includes a "second event" cover that reduces the net retention to \$10 million.
- Ceded earned premiums for the six months ended June 30, 2021 totaled \$14.5 million which was slightly above budget by \$70,000. Ceded premium is written in July of each year and earned throughout the following twelve-month period.

Net Premiums Earned

- Net premium earned through June 30, 2021 was \$24.5 million which exceeded the budget of \$23.0 million by \$1.4 million.

Loss and Loss Adjustment Expense Incurred:

- Year-to-date Direct losses and LAE totaled \$21.2 million and include estimated ultimate losses and LAE of approximately \$8.0 million for winter storm Uri.
- Incurred losses and LAE are above budget by \$6.6 million.
- The YTD direct loss & LAE ratio is 54.3% compared to the budgeted loss & LAE ratio of 39.0%.

Operating Expenses:

- June YTD operating expenses of \$5.3 million were under budget by \$447,000 or 7.7% and \$1.8 million below prior year levels.
- Notable expense items under budget include Contractor & Temporary Help (\$164,000), Surveys & Inspections (\$100,000), Disaster Recovery Services (\$70,000), Other Professional Services (\$85,000) and IT Consulting (\$37,000).

Commissions and Premium Taxes:

- Commission expense and premium taxes year-to-date were above budget by a combined \$198,000 or 4.2% due to higher than budgeted written premium.

Other Income (Expense):

- YTD June 2021 gross investment income was \$2,000 which was \$8,000 below the budget of \$10,000. Investment yields remain at near zero levels as the Federal Reserve maintains a low short-term interest rate environment.

Net Loss:

- TFPA's financial results year-to-date reflect a net loss of \$7.1 million compared to the budgeted loss of \$2.2 million due primarily to Winter Storm Uri.

Surplus/(Deficit):

- As of June 30, 2021, the Association had a deficit of \$938,000, or \$6.9 million below the surplus at December 31, 2020 of \$6.0 million.
- Surplus was also reduced by \$151,000 year-to-date due to an increase in non-admitted assets related to prepayments for Guidewire and Eagleview licenses.

	TEXAS FAIR PLAN ASSOCIATION				
	Statutory Income Statement (000's omitted)				
	for the six months ended June 30,				
	Actuals - 2021	Budget - 2021	Variance - 2021	Actuals - 2020	
7 Premiums Written:					
8 Direct	\$ 40,057	\$ 37,630	\$ 2,427	\$ 41,894	
9 Ceded	-	-	-	-	
10 Net	40,057	37,630	2,427	41,894	
12 Premiums Earned:					
13 Direct	\$ 38,944	\$ 37,436	\$ 1,508	\$ 41,532	
14 Ceded	(14,465)	(14,395)	(70)	(14,602)	
15 Net	24,480	23,041	1,438	26,930	
17 Deductions:					
18 Direct Losses and LAE Incurred	21,154	14,604	6,550	20,933	
19 Direct Losses and LAE Incurred - Harvey	-	-	-	-	
20 Ceded Losses and LAE Incurred - Harvey	-	-	-	-	
21 Operating Expenses	5,344	5,792	(447)	7,167	
22 Commission Expense	4,177	4,026	151	4,402	
23 Ceding commissions / brokerage	-	-	-	-	
24 Premium / Maintenance Tax	747	700	47	790	
25 Total Deductions	31,423	25,122	6,301	33,292	
27 Net Underwriting Gain or (Loss)	(6,943)	(2,081)	(4,862)	(6,362)	
29 Other Income or (Expense):					
30 Investment Income	2	10	(8)	117	
31 Investment Expenses (Line of Credit Commitment Fee)	(101)	(60)	(41)	(62)	
32 Interest Expense on Line of Credit Advance	-	-	-	-	
33 Sales Tax Refund and Other Income (Expense)	-	-	-	-	
34 Member Assessment Income	-	-	-	-	
35 Charge offs /Write offs	(181)	(170)	(11)	(12)	
36 Billing Fees	97	58	39	137	
37 Total Other Income or (Expense)	(183)	(162)	(21)	179	
39 Net Income (Loss)	\$ (7,126)	\$ (2,243)	\$ (4,883)	\$ (6,183)	
41 Surplus (Deficit) Account:					
42 Beginning Surplus (Deficit)	6,006	6,006	-	12,133	
43 Net Income (Loss)	(7,126)	(2,243)	(4,883)	(6,183)	
44 Change in Provision for Reinsurance	333	-	333	95	
45 Change in nonadmitted assets	(151)	(257)	107	(250)	
46 Other	-	-	-	-	
47 Ending Surplus (Deficit)	\$ (938)	\$ 3,506	\$ (4,444)	\$ 5,796	
49 Key Operating Ratios:					
50 Direct:					
51 Loss & LAE Ratio:					
52 Non Hurricane	54.3%	39.0%	15.3%	50.4%	
53 Hurricane Harvey	0.0%	0.0%	0.0%	0.0%	
54 Loss & LAE Ratio	54.3%	39.0%	15.3%	50.4%	
55 UW Expense Ratio:					
56 Acquisition	12.3%	12.6%	(0.3%)	12.4%	
57 Non Acquisition	13.7%	15.5%	(1.7%)	17.3%	
58 UW Expense Ratio	26.0%	28.0%	(2.0%)	29.6%	
59 Combined Ratio	80.3%	67.0%	13.3%	80.1%	
62 Net:					
63 Loss & LAE Ratio:					
64 Non Hurricane	86.4%	63.4%	23.0%	77.7%	
65 Hurricane Harvey	0.0%	0.0%	0.0%	0.0%	
66 Loss & LAE Ratio	86.4%	63.4%	23.0%	77.7%	
67 UW Expense Ratio:					
68 Acquisition	18.2%	18.8%	(0.6%)	17.5%	
69 Non Acquisition	21.8%	25.1%	(3.3%)	26.6%	
70 UW Expense Ratio	40.1%	43.9%	(3.9%)	44.1%	
71 Combined Ratio	126.5%	107.3%	19.2%	121.9%	

1	TEXAS FAIR PLAN ASSOCIATION				1
2	Statutory Expense Report (000's omitted)				2
3	for the six months ended June 30,				3
4					4
5	Description	Actuals - 2021	Budget - 2021	Variance - 2021	Actuals - 2020
6	Personnel Expenses				
7	Salaries & Wages - Permanent	\$ 2,704	\$ 2,505	\$ 200	\$ 3,121
8	Contractor & Temporary Help	1,442	757	685	1,099
9	Payroll Taxes	206	203	3	241
10	Employee Benefits	949	870	79	1,216
11	Recruiting, Training & Other	(5)	54	(59)	48
12	Subtotal	5,297	4,390	907	5,724
13					
14	Professional & Consulting Services				
15	Legal	58	74	(17)	59
16	Accounting & Auditing	48	51	(3)	47
17	Information Technology	14	94	(80)	1,078
18	Actuarial Services	23	20	3	18
19	Surveys & Inspections	175	275	(100)	251
20	Disaster Recovery Services	81	127	(46)	58
21	Other Services (1)	864	837	28	736
22	Subtotal	1,263	1,478	(216)	2,247
23					
24	Hardware/Software Purchases & Licensing	717	751	(34)	771
25	Rental & Maintenance - Office/Equipment	353	348	5	362
26	Travel Expenses	1	20	(20)	10
27	Postage, Telephone and Express	224	250	(25)	179
28	Capital Management Expenses	101	100	1	62
29	Other Operating Expenses	248	341	(92)	276
30	Total Operating Expenses	\$ 8,202	\$ 7,678	\$ 524	\$ 9,631
31					
32	Capitalization of Fixed Assets	0	0	0	0
33	Allocation To ULAE	(2,757)	(1,786)	(971)	(2,402)
34	Allocation To Investing & Other Expense	(101)	(100)	(1)	(62)
35	Net Operating Expense - UW Operations	\$ 5,344	\$ 5,792	\$ (447)	\$ 7,167
36					

(1) Other Services	Amount	Department
Insurance Services Office Inc	179,944	Underwriting & Claims
Clear Point Claims LLC	169,866	Underwriting
Xactware Solutions Inc	165,436	Claims
LYNX Services LLC	79,878	Claims
Marshall & Swift/Boeckh	76,989	Underwriting
EagleView Technologies Inc	75,094	Claims
Cornerstone OnDemand Inc	21,409	Human Resources
* Other Vendors less than \$20K	95,874	Various Departments
Total Other Services	864,490	

1	TEXAS FAIR PLAN ASSOCIATION			1
2	Statutory Balance Sheet (000's omitted)			2
3				3
4				4
5		<u>June-21</u>	<u>December-20</u>	5
6	Admitted Assets			6
7	Cash and short term investments	\$ 48,370	\$ 57,717	7
8	Premiums receivable	7,425	6,631	8
9	Assessment receivable	-	-	9
10	Amounts recoverable from reinsurers	3,197	1,506	10
11	Other assets	0	0	11
12	Total admitted assets	<u>\$ 58,992</u>	<u>\$ 65,855</u>	12
13				13
14	Liabilities, Surplus and other funds			14
15	Liabilities:			15
16	Loss and Loss adjustment expenses	\$ 14,429	\$ 15,458	16
17	Underwriting expenses payable	2,184	1,929	17
18	Unearned premiums, net of ceded unearned premiums	40,379	24,801	18
19	Ceded reinsurance premiums payable	-	14,104	19
20	Principal outstanding on line of credit advance	-	-	20
21	Interest payable on line of credit advance	-	-	21
22	Provision for reinsurance	-	333	22
23	Other payables	2,939	3,224	23
24	Total liabilities	<u>59,930</u>	<u>59,849</u>	24
25				25
26	Surplus and others funds			26
27	Unassigned Surplus (Deficit)	(938)	6,006	27
28	Total liabilities, surplus and other funds	<u>\$ 58,992</u>	<u>\$ 65,855</u>	28
29				29

1	TEXAS FAIR PLAN ASSOCIATION	1
2	Statement of Cash Flows (000's omitted)	2
3	for the six months ended June 30,	3
4		4
5	Actuals - 2021 Budget - 2021 Variance - 2021	5
6		6
7	Cash flows from operating activities:	7
8	Premiums collected, net of reinsurance \$ 25,654 \$ 18,857 \$ 6,797	8
9	Losses and loss adjustment expense paid (23,874) (19,342) (4,532)	9
10	Underwriting expenses paid (10,349) (9,358) (991)	10
11	Member assessment - - -	11
12	Other (680) (112) (568)	12
13	Net cash provided by operating activities (9,248) (9,955) 707	13
14	Cash flows from nonoperating activities:	14
15	Other - - -	15
16	Net cash provided by nonoperating activities - - -	16
17	Cash flows from investing activities:	17
19	Net investment income (99) (50) (49)	19
20	Net cash provided by investing activities (99) (50) (49)	20
21	Cash flows from financing activities:	21
22	Borrowed funds - - -	22
23	Borrowed funds repaid - - -	23
24	Net cash provided by financing activities - - -	24
25		25
26	Net increase (decrease) in cash and short-term investments (9,347) (10,005) 658	26
27	Cash and short-term investments, Beginning 57,717 57,717 -	27
28	Cash and short-term investments, Ending \$ 48,370 \$ 47,712 \$ 658	28
29		29

TEXAS FAIR PLAN ASSOCIATION
Cash and Short Term Investments (\$ in 000's)
June 30, 2021

Bank	Non Interest Bearing	Interest Bearing	Total Amount of Deposits	Average Daily Balance for the Quarter	Investment Income during the Quarter	Annual Average Yield	Total Deposit % of TFPA's Portfolio	N.A. Bank Credit Rating	N.A. Tier 1 Capital Ratio	N.A. Regulatory Capital	Are funds in excess of the N.A. Regulatory Capital?
							< 40%	Superior or Strong	> 10%	> \$25B	> .2% of N.A. Reg Capital
Balances as of 6/30/2021:											
Bank of America	\$ 12,084	\$ -	\$ 12,084				25%	Superior	13.6%	\$167	No
Citibank	208	5,220	5,428	5,220	0	0.01%	11%	Superior	13.9%	\$148	No
JPMorgan Chase	16,007	-	16,007				33%	Superior	16.1%	\$242	No
JP Morgan U.S. Treasury Plus Money Market Fund (1)	-	14,851	14,851	15,208	0	0.01%	31%	N/A	N/A	N/A	N/A
Total of all financial institutions	\$ 28,299	\$ 20,071	\$ 48,370	\$ 20,428	\$ 1	0.01%	100%				
Balances as of 3/31/2021:											
Bank of America	\$ 8,674	\$ -	\$ 8,674				17%	Superior	13.5%	\$200	No
Citibank	209	5,220	5,428	7,842	0	0.01%	11%	Superior	14.0%	\$145	No
JPMorgan Chase	19,956	-	19,956				39%	Superior	15.7%	\$234	No
JP Morgan U.S. Treasury Plus Money Market Fund (1)	-	17,350	17,350	17,350	1	0.02%	34%	N/A	N/A	N/A	N/A
Total of all financial institutions	\$ 28,838	\$ 22,570	\$ 51,408	\$ 25,192	\$ 1	0.02%	100%				

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

(2) Balances in non-interest bearing accounts have increased to reduce bank charges as rates for earnings credits have generally exceeded yields on short-term investments.

Bank credit rating, Tier 1 Capital Ratios, and Regulatory Capital were reviewed with the latest financial information available as of March 31, 2021. Rates, ratios and regulatory capital are comparable and consistent with year end National Association (N.A.) results.

TEXAS FAIR PLAN ASSOCIATION
HISTORICAL DATA
2003 - 2021
(\$ with 000's omitted)

YEAR	GROSS					NET					SURPLUS OR (DEFICIT) END OF PERIOD
	LIABILITY IN FORCE END OF PERIOD	POLICY COUNT	RATE CHANGES	WRITTEN PREMIUMS	LOSS & LAE INCURRED	EARNED PREMIUMS	LOSS & LAE INCURRED	UNDERWRITING EXPENSES INCURRED	UNDERWRITING GAIN (LOSS)	MEMBER ASSESSMENTS	
2003	\$ 18,272,542	100,223		\$ 82,004	\$ 19,580	\$ 31,287	\$ 19,580	\$ 26,618	\$ (14,911)		\$ (15,948)
2004	22,904,408	134,350		100,666	37,184	85,238	37,184	28,470	19,584		(1,821)
2005	14,165,560	88,512		60,969	31,262	77,389	31,262	18,588	27,539		31,563
2006	13,321,087	81,129		59,873	22,545	45,867	22,545	17,304	6,017		40,063
2007	15,556,965	91,847	3.9%	73,058	24,578	52,955	24,578	19,362	9,015		52,081
2008	14,060,852	84,438		64,488	239,886	48,364	82,774	18,797	(53,208)		209
2009	11,706,721	72,989	10.7%	60,255	32,961	28,136	6,659	18,811	2,666		(9,753)
2010	14,246,999	85,984	5.0%	73,924	86,187	40,905	34,601	17,019	(10,715)		(17,449)
2011	15,979,040	96,710		83,066	78,009	47,063	53,009	15,897	(21,843)		(33,860)
2012	17,966,799	108,637	14.6%	102,383	28,453	56,880	28,453	20,346	8,081		(25,722)
2013	20,594,317	124,222	16.7% (a)	122,683	39,438	75,343	39,438	22,610	13,295		(13,422)
2014	21,944,280	131,376		133,206	45,070	89,405	45,070	24,058	20,277		5,978
2015	22,154,205	132,734		132,879	68,593	90,952	68,593	24,675	(2,316)		4,977
2016	19,883,769	121,413	8.0% (b)	122,486	78,008	84,401	78,008	26,419	(20,026)		(15,203)
2017	18,029,369	110,989	5.0% (c)	112,316	128,666	76,837	84,864	29,739	(37,766)		(54,941)
2018	15,223,344	95,637	8.1% (d)	95,882	26,733	69,239	26,733	29,527	12,979	54,941	15,088
2019	12,299,224	80,923		85,327	38,241	59,625	38,241	25,310	(3,926)		12,133
2020	12,618,291	73,713	9.6% (e)	79,477	36,620	53,092	36,620	22,398	(5,926)		6,006
2021	12,076,378	70,483		40,057	21,154	24,480	21,154	10,269	(6,943)		(938)
TOTAL				\$ 1,684,998	\$ 1,083,169	\$ 1,137,458	\$ 779,367	\$ 416,217	\$ (58,126)	\$ 54,941	

(a) Effective July 1, 2013

(b) Effective April 1, 2016

(c) Effective June 1, 2017

(d) Effective October 1, 2018 and November 1, 2018 for new business and renewal business, respectively.

(e) Effective August 1, 2020

*2021 data through 6/30/2021

Texas FAIR Plan Association
Liability Report
As of 6/30/21
All Forms Combined



County	Policies In-Force		PIF Growth		Exposure In-Force		Exposure Growth		YTD Written Premium		Premium Growth	
	06/30/20	06/30/21	Actual	Percentage	06/30/20	06/30/21	Actual	Percentage	06/30/20	06/30/21	Actual	Percentage
Harris	49,154	44,815	(4,339)	(8.83%)	7,673,965,694	6,887,628,106	(786,337,588)	(10.25%)	29,975,256	28,245,474	(1,729,782)	(5.77%)
Fort bend	5,257	4,829	(428)	(8.14%)	976,992,304	874,994,441	(101,997,863)	(10.44%)	3,227,692	3,000,604	(227,088)	(7.04%)
Galveston	4,454	4,371	(83)	(1.86%)	1,124,636,963	1,105,978,650	(18,658,313)	(1.66%)	982,207	1,000,238	18,031	1.84%
Dallas	2,623	2,346	(277)	(10.56%)	455,597,484	407,241,763	(48,355,721)	(10.61%)	1,456,573	1,360,417	(96,157)	(6.60%)
Brazoria	1,817	1,824	7	0.39%	459,141,241	460,959,534	1,818,293	0.40%	436,650	456,847	20,197	4.63%
Tarrant	1,984	1,742	(242)	(12.20%)	336,722,704	295,108,988	(41,613,716)	(12.36%)	1,251,796	1,170,410	(81,386)	(6.50%)
Nueces	1,365	1,258	(107)	(7.84%)	268,599,645	246,811,234	(21,788,411)	(8.11%)	377,952	367,536	(10,416)	(2.76%)
El paso	1,108	1,158	50	4.51%	251,935,335	264,332,410	12,397,075	4.92%	433,681	458,724	25,044	5.77%
Jefferson	1,189	1,062	(127)	(10.68%)	271,601,300	242,367,540	(29,233,760)	(10.76%)	263,532	262,082	(1,451)	(0.55%)
Montgomery	828	794	(34)	(4.11%)	148,087,689	142,742,095	(5,345,594)	(3.61%)	454,390	468,942	14,552	3.20%
Bexar	709	628	(81)	(11.42%)	119,347,808	108,127,092	(11,220,716)	(9.40%)	326,003	304,924	(21,078)	(6.47%)
Cameron	449	435	(14)	(3.12%)	76,423,930	74,859,130	(1,564,800)	(2.05%)	92,187	102,200	10,014	10.86%
Calhoun	396	392	(4)	(1.01%)	93,977,455	93,828,405	(149,050)	(0.16%)	98,613	100,915	2,302	2.33%
Orange	395	381	(14)	(3.54%)	64,105,603	60,846,528	(3,259,075)	(5.08%)	305,626	296,754	(8,872)	(2.90%)
Travis	303	285	(18)	(5.94%)	57,813,868	52,906,468	(4,907,400)	(8.49%)	102,194	92,201	(9,993)	(9.78%)
Chambers	250	246	(4)	(1.60%)	68,183,408	68,703,270	519,862	0.76%	68,446	78,241	9,795	14.31%
Matagorda	225	234	9	4.00%	50,410,730	51,345,760	935,030	1.85%	74,420	71,033	(3,386)	(4.55%)
Hidalgo	267	232	(35)	(13.11%)	29,786,365	26,238,131	(3,548,234)	(11.91%)	134,889	133,111	(1,778)	(1.32%)
Liberty	216	226	10	4.63%	25,460,550	25,730,016	269,466	1.06%	145,263	161,291	16,029	11.03%
Aransas	185	184	(1)	(0.54%)	41,638,140	40,375,700	(1,262,440)	(3.03%)	47,418	47,468	51	0.11%
Collin	202	179	(23)	(11.39%)	42,994,290	36,448,200	(6,546,090)	(15.23%)	125,342	114,797	(10,545)	(8.41%)
San patricio	160	161	1	0.63%	37,867,193	36,780,336	(1,086,857)	(2.87%)	38,929	47,691	8,762	22.51%
Denton	138	124	(14)	(10.14%)	30,903,698	27,317,638	(3,586,060)	(11.60%)	78,815	78,881	67	0.08%
Brazos	122	112	(10)	(8.20%)	16,111,710	17,955,190	1,843,480	11.44%	41,126	45,889	4,763	11.58%
Waller	112	102	(10)	(8.93%)	17,419,170	15,838,000	(1,581,170)	(9.08%)	65,244	62,327	(2,917)	(4.47%)
Top 25 Counties	73,908	68,120	(5,788)	(7.83%)	12,739,724,277	11,665,464,625	(1,074,259,652)	(8.43%)	40,604,243	38,528,999	(2,075,244)	(5.11%)
All Other Counties	2,498	2,363	(135)	(5.40%)	437,550,334	410,912,963	(26,637,370)	(6.09%)	1,538,025	1,527,978	(10,047)	(0.65%)
Tier 1	10,601	10,267	(334)	(3.15%)	2,519,835,795	2,444,871,679	(74,964,115)	(2.97%)	2,510,001	2,558,496	48,495	1.93%
Tier 2	55,598	50,803	(4,795)	(8.62%)	8,815,632,396	7,925,959,862	(889,672,534)	(10.09%)	34,030,375	32,085,922	(1,944,453)	(5.71%)
All Other Counties	10,207	9,413	(794)	(7.78%)	1,841,806,420	1,705,546,047	(136,260,373)	(7.40%)	5,601,892	5,412,559	(189,334)	(3.38%)
Statewide Total	76,406	70,483	(5,923)	(7.75%)	13,177,274,610	12,076,377,588	(1,100,897,022)	(8.35%)	42,142,268	40,056,977	(2,085,291)	(4.95%)

Exposure includes Dwelling, Contents, and Loss of Use coverages
Premium totals are not audited and may not match published financial statements

Texas FAIR Plan Association
Liability Report
As of 6/30/21
HO-A Policies



County	Policies In-Force		PIF Growth		Exposure In-Force		Exposure Growth		YTD Written Premium		Premium Growth	
	06/30/20	06/30/21	Actual	Percentage	06/30/20	06/30/21	Actual	Percentage	06/30/20	06/30/21	Actual	Percentage
Harris	17,039	15,222	(1,817)	(10.66%)	4,205,507,752	3,721,776,128	(483,731,624)	(11.50%)	16,888,177	15,925,468	(962,709)	(5.70%)
Fort bend	1,322	1,218	(104)	(7.87%)	377,168,080	338,217,600	(38,950,480)	(10.33%)	1,363,302	1,290,577	(72,724)	(5.33%)
Galveston	3,125	3,083	(42)	(1.34%)	1,015,131,198	1,001,385,881	(13,745,317)	(1.35%)	773,616	803,113	29,497	3.81%
Dallas	1,235	1,084	(151)	(12.23%)	314,860,400	276,125,400	(38,735,000)	(12.30%)	1,043,219	963,174	(80,045)	(7.67%)
Brazoria	1,344	1,354	10	0.74%	404,067,380	407,898,330	3,830,950	0.95%	356,507	378,844	22,338	6.27%
Tarrant	1,063	932	(131)	(12.32%)	242,598,430	211,393,428	(31,205,002)	(12.86%)	921,469	868,896	(52,573)	(5.71%)
Nueces	743	702	(41)	(5.52%)	217,292,630	200,631,190	(16,661,440)	(7.67%)	273,888	277,953	4,065	1.48%
El paso	931	971	40	4.30%	233,417,460	244,688,740	11,271,280	4.83%	390,405	417,977	27,572	7.06%
Jefferson	898	800	(98)	(10.91%)	247,472,070	219,973,030	(27,499,040)	(11.11%)	223,148	224,269	1,122	0.50%
Montgomery	442	440	(2)	(0.45%)	107,513,919	107,055,780	(458,139)	(0.43%)	331,827	361,081	29,254	8.82%
Bexar	436	394	(42)	(9.63%)	98,002,450	90,493,780	(7,508,670)	(7.66%)	265,047	255,530	(9,517)	(3.59%)
Cameron	266	253	(13)	(4.89%)	61,017,100	58,529,500	(2,487,600)	(4.08%)	65,362	71,983	6,622	10.13%
Calhoun	331	324	(7)	(2.11%)	88,988,660	88,479,310	(509,350)	(0.57%)	87,996	90,637	2,641	3.00%
Orange	239	233	(6)	(2.51%)	51,448,478	49,360,428	(2,088,050)	(4.06%)	246,821	238,954	(7,868)	(3.19%)
Travis	168	151	(17)	(10.12%)	45,351,020	40,688,480	(4,662,540)	(10.28%)	76,883	69,058	(7,825)	(10.18%)
Chambers	200	196	(4)	(2.00%)	62,672,870	62,922,730	249,860	0.40%	56,784	61,281	4,497	7.92%
Matagorda	196	204	8	4.08%	48,050,080	49,066,810	1,016,730	2.12%	66,227	63,650	(2,576)	(3.89%)
Hidalgo	83	80	(3)	(3.61%)	11,265,165	10,697,931	(567,234)	(5.04%)	59,648	63,404	3,756	6.30%
Liberty	115	124	9	7.83%	17,647,780	18,139,158	491,378	2.78%	88,480	106,496	18,016	20.36%
Aransas	151	150	(1)	(0.66%)	39,216,840	37,772,380	(1,444,460)	(3.68%)	41,778	42,544	765	1.83%
Collin	65	47	(18)	(27.69%)	21,164,680	16,403,130	(4,761,550)	(22.50%)	50,107	43,001	(7,106)	(14.18%)
San patricio	124	122	(2)	(1.61%)	34,794,093	33,549,586	(1,244,507)	(3.58%)	34,721	39,545	4,824	13.89%
Denton	77	69	(8)	(10.39%)	23,954,120	20,853,060	(3,101,060)	(12.95%)	54,396	57,618	3,222	5.92%
Brazos	43	46	3	6.98%	10,282,710	12,987,270	2,704,560	26.30%	24,635	32,559	7,924	32.16%
Waller	59	58	(1)	(1.69%)	12,281,790	11,622,520	(659,270)	(5.37%)	40,734	43,672	2,938	7.21%
Top 25 Counties	30,695	28,257	(2,438)	(7.94%)	7,991,167,155	7,330,711,580	(660,455,575)	(8.26%)	23,825,177	22,791,286	(1,033,891)	(4.34%)
All Other Counties	1,508	1,403	(105)	(6.96%)	352,212,282	328,790,104	(23,422,177)	(6.65%)	1,186,960	1,200,862	13,902	1.17%
Tier 1	7,467	7,262	(205)	(2.75%)	2,244,612,511	2,181,120,967	(63,491,543)	(2.83%)	2,004,247	2,073,744	69,497	3.47%
Tier 2	18,958	17,060	(1,898)	(10.01%)	4,697,380,755	4,178,052,455	(519,328,300)	(11.06%)	18,814,934	17,813,317	(1,001,618)	(5.32%)
All Other Counties	5,778	5,338	(440)	(7.62%)	1,401,386,171	1,300,328,262	(101,057,909)	(7.21%)	4,192,955	4,105,087	(87,868)	(2.10%)
Statewide Total	32,203	29,660	(2,543)	(7.90%)	8,343,379,437	7,659,501,684	(683,877,752)	(8.20%)	25,012,137	23,992,147	(1,019,989)	(4.08%)

Exposure includes Dwelling, Contents, and Loss of Use coverages
Premium totals are not audited and may not match published financial statements

Texas FAIR Plan Association
Liability Report
As of 6/30/21
TDP-1 Policies



County	Policies In-Force		PIF Growth		Exposure In-Force		Exposure Growth		YTD Written Premium		Premium Growth	
	06/30/20	06/30/21	Actual	Percentage	06/30/20	06/30/21	Actual	Percentage	06/30/20	06/30/21	Actual	Percentage
Harris	28,190	25,919	(2,271)	(8.06%)	3,268,268,542	2,978,225,858	(290,042,684)	(8.87%)	12,472,517	11,723,898	(748,619)	(6.00%)
Fort bend	3,755	3,428	(327)	(8.71%)	591,436,704	527,815,001	(63,621,703)	(10.76%)	1,841,888	1,684,959	(156,929)	(8.52%)
Galveston	708	682	(26)	(3.67%)	78,903,965	74,469,169	(4,434,796)	(5.62%)	144,976	135,113	(9,863)	(6.80%)
Dallas	1,213	1,121	(92)	(7.58%)	133,162,564	124,585,723	(8,576,841)	(6.44%)	396,459	381,289	(15,169)	(3.83%)
Brazoria	396	391	(5)	(1.26%)	51,694,421	50,031,564	(1,662,857)	(3.22%)	73,390	71,213	(2,177)	(2.97%)
Tarrant	861	757	(104)	(12.08%)	92,117,874	81,980,360	(10,137,514)	(11.00%)	325,090	298,579	(26,511)	(8.15%)
Nueces	362	320	(42)	(11.60%)	34,152,535	28,977,684	(5,174,851)	(15.15%)	64,559	50,076	(14,483)	(22.43%)
El paso	170	181	11	6.47%	18,196,275	19,279,470	1,083,195	5.95%	42,344	39,076	(3,268)	(7.72%)
Jefferson	253	228	(25)	(9.88%)	22,646,510	20,890,310	(1,756,200)	(7.75%)	37,887	35,099	(2,787)	(7.36%)
Montgomery	327	300	(27)	(8.26%)	37,685,490	32,990,635	(4,694,855)	(12.46%)	113,979	98,974	(15,005)	(13.16%)
Bexar	214	183	(31)	(14.49%)	18,707,758	15,445,112	(3,262,646)	(17.44%)	52,121	39,676	(12,446)	(23.88%)
Cameron	97	84	(13)	(13.40%)	9,047,310	7,765,110	(1,282,200)	(14.17%)	15,385	13,617	(1,768)	(11.49%)
Calhoun	54	56	2	3.70%	4,479,995	4,833,095	353,100	7.88%	8,867	8,372	(495)	(5.58%)
Orange	139	133	(6)	(4.32%)	12,099,125	11,102,100	(997,025)	(8.24%)	57,099	55,910	(1,190)	(2.08%)
Travis	67	69	2	2.99%	8,838,128	8,805,428	(32,700)	(0.37%)	20,170	17,234	(2,936)	(14.56%)
Chambers	44	45	1	2.27%	5,392,698	5,686,700	294,002	5.45%	11,343	16,819	5,476	48.28%
Matagorda	27	28	1	3.70%	2,317,450	2,235,750	(81,700)	(3.53%)	8,063	7,265	(798)	(9.90%)
Hidalgo	179	147	(32)	(17.88%)	18,383,200	15,348,200	(3,035,000)	(16.51%)	74,495	68,628	(5,867)	(7.88%)
Liberty	99	99	0	0.00%	7,734,770	7,470,858	(263,912)	(3.41%)	56,640	54,489	(2,151)	(3.80%)
Aransas	13	15	2	15.38%	1,073,100	1,340,200	267,100	24.89%	2,249	1,878	(371)	(16.50%)
Collin	108	104	(4)	(3.70%)	20,309,450	18,526,950	(1,782,500)	(8.78%)	72,952	68,242	(4,710)	(6.46%)
San patricio	32	34	2	6.25%	2,917,100	3,102,950	185,850	6.37%	3,746	7,327	3,582	95.62%
Denton	57	52	(5)	(8.77%)	6,853,578	6,374,578	(479,000)	(6.99%)	24,492	20,978	(3,515)	(14.35%)
Brazos	35	28	(7)	(20.00%)	3,318,600	2,599,600	(719,000)	(21.67%)	12,129	8,591	(3,538)	(29.17%)
Waller	52	43	(9)	(17.31%)	5,131,380	4,197,480	(933,900)	(18.20%)	24,510	18,655	(5,855)	(23.89%)
Top 25 Counties	37,452	34,447	(3,005)	(8.02%)	4,454,868,522	4,054,079,885	(400,788,637)	(9.00%)	15,957,349	14,925,956	(1,031,392)	(6.46%)
All Other Counties	880	860	(20)	(2.27%)	80,059,612	77,406,019	(2,653,593)	(3.31%)	332,801	310,811	(21,989)	(6.61%)
Tier 1	2,006	1,906	(100)	(4.99%)	214,035,284	201,036,432	(12,998,852)	(6.07%)	376,164	350,153	(26,011)	(6.91%)
Tier 2	32,499	29,854	(2,645)	(8.14%)	3,908,492,721	3,550,341,447	(358,151,274)	(9.16%)	14,573,794	13,646,737	(927,057)	(6.36%)
All Other Counties	3,827	3,547	(280)	(7.32%)	412,400,129	380,108,025	(32,292,104)	(7.83%)	1,340,191	1,239,877	(100,314)	(7.49%)
Statewide Total	38,332	35,307	(3,025)	(7.89%)	4,534,928,134	4,131,485,904	(403,442,230)	(8.90%)	16,290,149	15,236,768	(1,053,382)	(6.47%)

Exposure includes Dwelling, Contents, and Loss of Use coverages
Premium totals are not audited and may not match published financial statements

Texas FAIR Plan Association
Liability Report
As of 6/30/21
HO-CONB Policies



County	Policies In-Force		PIF Growth		Exposure In-Force		Exposure Growth		YTD Written Premium		Premium Growth	
	06/30/20	06/30/21	Actual	Percentage	06/30/20	06/30/21	Actual	Percentage	06/30/20	06/30/21	Actual	Percentage
Harris	2,480	2,352	(128)	(5.16%)	168,446,280	158,619,720	(9,826,560)	(5.83%)	508,031	486,958	(21,073)	(4.15%)
Fort bend	87	87	0	0.00%	6,111,720	6,356,040	244,320	4.00%	14,431	15,976	1,545	10.71%
Galveston	259	242	(17)	(6.56%)	19,008,480	18,778,440	(230,040)	(1.21%)	37,289	33,916	(3,373)	(9.05%)
Dallas	120	102	(18)	(15.00%)	6,183,720	5,268,840	(914,880)	(14.79%)	13,504	12,911	(593)	(4.39%)
Brazoria	15	12	(3)	(20.00%)	1,308,000	889,200	(418,800)	(32.02%)	2,425	1,890	(535)	(22.06%)
Tarrant	5	7	2	40.00%	408,000	468,000	60,000	14.71%	905	976	71	7.87%
Nueces	233	210	(23)	(9.87%)	16,401,480	16,285,560	(115,920)	(0.71%)	37,401	37,311	(90)	(0.24%)
El paso	3	3	0	0.00%	28,800	253,200	224,400	779.17%	215	1,333	1,118	519.88%
Jefferson	11	10	(1)	(9.09%)	620,400	560,400	(60,000)	(9.67%)	779	1,217	438	56.19%
Montgomery	22	20	(2)	(9.09%)	1,591,080	1,655,280	64,200	4.03%	4,656	5,203	547	11.76%
Bexar	33	31	(2)	(6.06%)	2,078,400	1,674,000	(404,400)	(19.46%)	7,063	8,237	1,174	16.61%
Cameron	81	96	15	18.52%	6,061,920	8,540,520	2,478,600	40.89%	10,991	16,508	5,517	50.19%
Calhoun	4	5	1	25.00%	336,000	372,000	36,000	10.71%	1,446	1,497	51	3.53%
Orange	0	0	0	N/A	0	0	0	N/A	0	0	0	N/A
Travis	37	37	0	0.00%	2,904,120	2,746,560	(157,560)	(5.43%)	3,836	4,263	427	11.12%
Chambers	0	0	0	N/A	0	0	0	N/A	0	0	0	N/A
Matagorda	1	0	(1)	(100.00%)	30,000	0	(30,000)	(100.00%)	130	0	(130)	(100.00%)
Hidalgo	2	2	0	0.00%	96,000	132,000	36,000	37.50%	374	739	365	97.59%
Liberty	0	0	0	N/A	0	0	0	N/A	0	0	0	N/A
Aransas	18	14	(4)	(22.22%)	1,240,200	1,034,760	(205,440)	(16.57%)	3,004	2,229	(776)	(25.82%)
Collin	21	21	0	0.00%	1,316,160	1,224,120	(92,040)	(6.99%)	1,556	2,540	984	63.24%
San patricio	2	1	(1)	(50.00%)	114,000	78,000	(36,000)	(31.58%)	309	319	10	3.24%
Denton	1	1	0	0.00%	36,000	36,000	0	0.00%	138	149	11	7.97%
Brazos	27	31	4	14.81%	2,176,800	2,248,320	71,520	3.29%	4,172	4,591	419	10.05%
Waller	0	0	0	N/A	0	0	0	N/A	0	0	0	N/A
Top 25 Counties	3,462	3,284	(178)	(5.14%)	236,497,560	227,220,960	(9,276,600)	(3.92%)	652,655	638,762	(13,892)	(2.13%)
All Other Counties	28	26	(2)	(7.14%)	2,290,440	2,032,440	(258,000)	(11.26%)	8,198	8,437	238	2.91%
Tier 1	624	590	(34)	(5.45%)	45,120,480	46,538,880	1,418,400	3.14%	93,378	94,887	1,509	1.62%
Tier 2	2,570	2,442	(128)	(4.98%)	174,756,000	165,209,760	(9,546,240)	(5.46%)	523,332	504,211	(19,121)	(3.65%)
All Other Counties	296	278	(18)	(6.08%)	18,911,520	17,504,760	(1,406,760)	(7.44%)	44,143	48,101	3,958	8.97%
Statewide Total	3,490	3,310	(180)	(5.16%)	238,788,000	229,253,400	(9,534,600)	(3.99%)	660,853	647,199	(13,654)	(2.07%)

Exposure includes Dwelling, Contents, and Loss of Use coverages
Premium totals are not audited and may not match published financial statements

Texas FAIR Plan Association
Liability Report
As of 6/30/21
HO-BT Policies



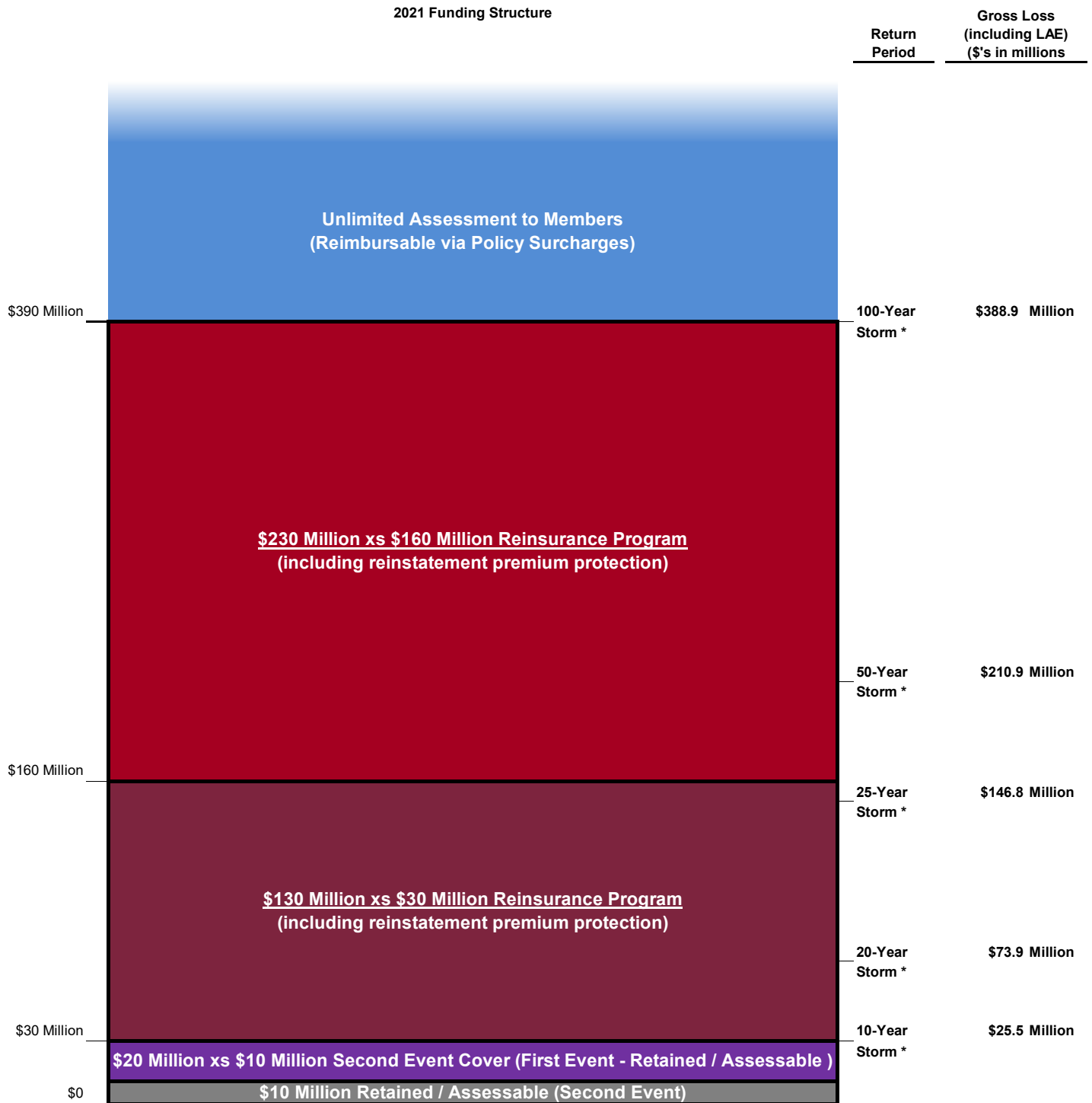
County	Policies In-Force		PIF Growth		Exposure In-Force		Exposure Growth		YTD Written Premium		Premium Growth	
	06/30/20	06/30/21	Actual	Percentage	06/30/20	06/30/21	Actual	Percentage	06/30/20	06/30/21	Actual	Percentage
Harris	1,445	1,322	(123)	(8.51%)	31,743,120	29,006,400	(2,736,720)	(8.62%)	106,531	109,149	2,618	2.46%
Fort bend	93	96	3	3.23%	2,275,800	2,605,800	330,000	14.50%	8,072	9,091	1,020	12.63%
Galveston	362	364	2	0.55%	11,593,320	11,345,160	(248,160)	(2.14%)	26,326	28,096	1,770	6.72%
Dallas	55	39	(16)	(29.09%)	1,390,800	1,261,800	(129,000)	(9.28%)	3,391	3,042	(349)	(10.29%)
Brazoria	62	67	5	8.06%	2,071,440	2,140,440	69,000	3.33%	4,329	4,900	571	13.20%
Tarrant	55	46	(9)	(16.36%)	1,598,400	1,267,200	(331,200)	(20.72%)	4,332	1,958	(2,374)	(54.79%)
Nueces	27	26	(1)	(3.70%)	753,000	916,800	163,800	21.75%	2,105	2,196	91	4.32%
El paso	4	3	(1)	(25.00%)	292,800	111,000	(181,800)	(62.09%)	717	339	(378)	(52.70%)
Jefferson	27	24	(3)	(11.11%)	862,320	943,800	81,480	9.45%	1,719	1,496	(223)	(12.97%)
Montgomery	37	34	(3)	(8.11%)	1,297,200	1,040,400	(256,800)	(19.80%)	3,928	3,684	(244)	(6.22%)
Bexar	26	20	(6)	(23.08%)	559,200	514,200	(45,000)	(8.05%)	1,771	1,482	(289)	(16.33%)
Cameron	5	2	(3)	(60.00%)	297,600	24,000	(273,600)	(91.94%)	449	92	(357)	(79.51%)
Calhoun	7	7	0	0.00%	172,800	144,000	(28,800)	(16.67%)	303	408	105	34.60%
Orange	17	15	(2)	(11.76%)	558,000	384,000	(174,000)	(31.18%)	1,706	1,891	185	10.86%
Travis	31	28	(3)	(9.68%)	720,600	666,000	(54,600)	(7.58%)	1,305	1,647	342	26.18%
Chambers	6	5	(1)	(16.67%)	117,840	93,840	(24,000)	(20.37%)	319	141	(178)	(55.80%)
Matagorda	1	2	1	100.00%	13,200	43,200	30,000	227.27%	0	118	118	N/A
Hidalgo	3	3	0	0.00%	42,000	60,000	18,000	42.86%	372	340	(32)	(8.60%)
Liberty	2	3	1	50.00%	78,000	120,000	42,000	53.85%	143	306	163	114.07%
Aransas	3	5	2	66.67%	108,000	228,360	120,360	111.44%	386	818	432	111.92%
Collin	8	7	(1)	(12.50%)	204,000	294,000	90,000	44.12%	727	1,014	287	39.48%
San patricio	2	4	2	100.00%	42,000	49,800	7,800	18.57%	154	500	346	224.68%
Denton	3	2	(1)	(33.33%)	60,000	54,000	(6,000)	(10.00%)	(212)	137	349	(164.71%)
Brazos	17	7	(10)	(58.82%)	333,600	120,000	(213,600)	(64.03%)	190	148	(42)	(22.11%)
Waller	1	1	0	0.00%	6,000	18,000	12,000	200.00%	0	0	0	N/A
Top 25 Counties	2,299	2,132	(167)	(7.26%)	57,191,040	53,452,200	(3,738,840)	(6.54%)	169,063	172,994	3,931	2.33%
All Other Counties	82	74	(8)	(9.76%)	2,988,000	2,684,400	(303,600)	(10.16%)	10,065	7,868	(2,197)	(21.83%)
Tier 1	504	509	5	0.99%	16,067,520	16,175,400	107,880	0.67%	36,211	39,713	3,501	9.67%
Tier 2	1,571	1,447	(124)	(7.89%)	35,002,920	32,356,200	(2,646,720)	(7.56%)	118,314	121,657	3,342	2.83%
All Other Counties	306	250	(56)	(18.30%)	9,108,600	7,605,000	(1,503,600)	(16.51%)	24,603	19,493	(5,109)	(20.77%)
Statewide Total	2,381	2,206	(175)	(7.35%)	60,179,040	56,136,600	(4,042,440)	(6.72%)	179,128	180,863	1,734	0.97%

Exposure includes Dwelling, Contents, and Loss of Use coverages
Premium totals are not audited and may not match published financial statements

4C. 2021 Hurricane Season Funding



2021 Funding Structure



Program includes Reinstatement Premium Protection for 100% of the reinsured coverage.

*Gross loss estimates are based TFPA exposures as of 3/31/2021 and the average of AIR and RMS hurricane models' per occurrence loss estimates (plus a 15% provision for LAE) at specified return periods.



MEMORANDUM

DATE: July 19, 2021
TO: John Polak, General Manager
FROM: Jerry Fadden, Chief Financial Officer
RE: **Renewal of TFPA Line of Credit**

Now that the 2021-2022 reinsurance program has been successfully placed, it is time to renew the TFPA line of credit which was used successfully after Hurricane Harvey and which expires in late August.

This year staff proposes to reduce the amount from \$40 million to \$30 million to coincide with the change in the reinsurance retention from \$40 million to \$30 million. The purpose for maintaining the line of credit is to ensure cash is readily available to pay claims pending collection of reinsurance and/or a member assessment below the reinsurance retention, if needed. The line of credit would serve as a liquidity bridge to our permanent funding.

The proposed pricing for the 2021-2022 line of credit commitment fee is 30 basis points per annum on the unused revolving credit line which is a significant reduction back to pre-pandemic levels from the 50 basis points charged in the 2020 agreement. Therefore, the commitment fee will decline from \$200,000 per year (\$16,667 per month) down to \$90,000 per year (\$7,500 per month).

Given the unfavorable pricing for credits in 2020, the 2020 agreement was purposely limited to a one-year term in anticipation of a return to more normal rates. In order to obtain and retain this improved pricing on the commitment fee, it is also recommended that TFPA return to a two-year contract term as used in previous years.

I have attached additional exhibits for this item as follows:

1. A copy of the Term sheet for the proposed renewed line of credit
2. Line of credit proposed resolutions for consideration of adoption by the Governing Committee.

Please let me know if you have any questions or would like to discuss this matter.

Jerry Fadden

TFPA Line of Credit Renewal – Comparison to Prior Agreement

Key Terms	2021-2022 Proposed Line of Credit	2020-2021 Previous Line of Credit
Lender	JP Morgan Chase Bank, N.A.	JP Morgan Chase Bank, N.A.
Facility	\$30 Million Revolving Line of Credit	\$40 Million Revolving Line of Credit
Maturity Date	Two Years	One Year
Collateral	Security interest in proceeds of assessments, reinsurance and premiums	Security interest in proceeds of assessments, reinsurance and premiums
Repayment	Interest Payable monthly. All principal and interest due at maturity	Interest Payable monthly. All principal and interest due at maturity
Covenants	No material adverse change in Chapter 2211 of the Texas Ins. code	No material adverse change in Chapter 2211 of the Texas Ins. code
Banking Services	TFPA must maintain primary banking depository and disbursement relationship with Chase	TFPA must maintain primary banking depository and disbursement relationship with Chase
Upfront Fee	None	None
Unused Commitment Fee	30 Basis Points or \$90,000/year \$7,500/month	50 Basis Points or \$200,000/year \$16,667/month
Interest Rate on Borrowings	Libor + 110 BP first 120 Days Libor + 150 BP on loans over 120 Days	Libor + 110 BP first 120 Days Libor + 150 BP on loans over 120 Days



July 9, 2021

Mr. Jerry Fadden
Chief Financial Officer
Texas FAIR Plan Association
5700 South MOPAC, Bldg. E, Suite 530
Austin, TX 78789

Dear Jerry,

JPMorgan Chase Bank, N.A. is interested in providing a renewal of the Texas FAIR Plan Association's existing Revolving Line of Credit. We have prepared the following summary of terms for discussion purposes and are ready to obtain the appropriate approval once you indicate acceptance of these terms. We appreciate the opportunity to expand our relationship with Texas FAIR Plan Association.

This Summary of Indicative Terms and Conditions is for preliminary discussion purposes only and is not a commitment to lend. Any such commitment is subject to (i) the execution and delivery of mutually acceptable legal documentation, (ii) credit approval by JPMorgan Chase Bank, N.A. ("Lender"), and (iii) completion of due diligence to the satisfaction of Bank in its sole discretion.

Summary of Indicative Terms and Conditions

<u>BORROWER:</u>	Texas FAIR Plan Association
<u>LENDER:</u>	JPMorgan Chase Bank, N.A.
<u>FACILITY:</u>	\$30,000,000 Revolving Line of Credit
<u>PURPOSE:</u>	To ensure adequate liquidity to pay claims in the event of a natural disaster from windstorm or hailstorm.
<u>MATURITY DATE:</u>	June 30, 2023
<u>COLLATERAL:</u>	Security interest in the proceeds of the assessment and reinsurance payments and insurance premiums.
<u>REPAYMENT:</u>	Interest payable monthly or at maturity of LIBOR Tranches. Principal and interest are due at maturity.
<u>RATE, FEES AND EXPENSES:</u>	As set forth in attached Addendum I.



ADVANCES ON FACILITY:

Advance requests on the Facility will be submitted according to an advance request form acceptable to the Lender; and (i) will be subject to written evidence which Borrower sufficiently confirms that the aggregate amount of all claims then being made under insurance policies issued by Borrower exceeds the aggregate amount of Borrower's then available liquid funds; (ii) one or more schedules or other reasonably satisfactory work product of Borrower detailing Borrower's contemplated member assessment plan that will result in assessment payments sufficient to pay the amount of such requested Loan, together with all other amounts, if any, then outstanding under the Loan Agreement, and (iii) Borrower certifies that Borrower currently has sufficient remaining member assessment capacity to fully implement such contemplated member assessment plan.

COVENANTS:

No material adverse change in Chapter 2211 of Texas Insurance Code that would negatively affect the current assessment mechanism

BANKING SERVICES:

The Facility is being provided with the requirement that the Borrower maintains its primary banking depository and disbursement relationship with the Bank.

CONDITIONS PRECEDENT:

Bank shall have no obligation to fund Loans under the proposed Facility unless and until the Borrower shall have delivered to the Bank a certificate of the Secretary or any Assistant Secretary of the Borrower dated on or after the date hereof, as to the resolutions of the Board of Directors of the Borrower authorizing the Borrower to renew, extend and increase the existing Loan Agreement and Note.

EVENTS OF DEFAULT:

Usual and customary for transactions of this type.

I appreciate your providing JPMorgan Chase Bank with the opportunity to discuss your credit needs. I look forward to hearing your comments on the above and arriving at a final structure that is beneficial for both Texas FAIR Plan Association and JPMorgan Chase Bank. If you have any questions about the Term Sheet, please call me at 512-479-2695.

Sincerely,


Craig Fegley
Executive Director



**ADDENDUM I
PRICING, FEES AND EXPENSES**

UPFRONT FEE:

None

**UNUSED
COMMITMENT FEE:**

The Borrower shall pay a fee (the "Commitment Fee"), determined in accordance with the Pricing grid set forth below, on the unused portion of the Facility. The Commitment Fee is payable quarterly in arrears commencing upon closing.

INTEREST RATE:

The Facility shall bear interest at a rate equal to LIBOR plus the Applicable Margin. The Borrower may select interest periods of one, two or three months for LIBOR loans, subject to availability. Interest shall be payable monthly or at maturity of LIBOR tranches.

PRICING:

The Commitment Fee and Applicable Margin for any fiscal quarter shall be the applicable rate per annum set forth in the table below.

One Year Maturity

Applicable Margin on Drawn Loan- first 120 days (over Adjusted LIBOR)	Applicable Margin on Drawn Loan- over 120 days (over Adjusted LIBOR)	Commitment Fee
110bp	150bp	30bps

EXPENSES:

The Borrower will pay all reasonable costs and expenses associated with the preparation, due diligence, administration and enforcement of all documentation executed in connection with the Facility, including without limitation, the legal fees of counsel to the Lender.

Note: Drawn Loan rate is one month Adjusted LIBOR, plus the Applicable Margin. The current one month LIBOR indicative rate as of July 9, 2021 is 1.00%.

SECRETARY'S CERTIFICATE

I, the undersigned, do hereby certify that I am the duly elected and acting Secretary of TEXAS FAIR PLAN ASSOCIATION (the "Association"), a non-profit association established pursuant to Chapter 2211 of the Texas Insurance Code to develop and administer a program to provide residential property insurance in designated underserved areas in Texas (the "Authorizing Statute"); that, at a meeting of the Board of Directors of the Association held in [], 2021, the following resolutions were duly adopted; that said resolutions have been recorded in the minute books of the Association kept by me, are in accord with and pursuant to the Authorizing Statute and the Plan of Operation of the Association, have not been amended, modified, superseded or revoked, and are now in full force and effect, to-wit:

RESOLVED: That in order to provide Texas FAIR Plan Association (the "Association") with liquidity to facilitate payment by the Association of claims to its policy holders, the Association may further renew and extend until June 30, 2023 the maturity of its existing revolving line of credit with JPMorgan Chase Bank, N.A. (the "Lender"), which was in the original aggregate principal amount of \$40,000,000, but which will be reduced to an aggregate principal amount of \$30,000,000 as part of such renewal and extension (the "Credit Facility"), in accordance with and pursuant to the terms of a Third Amendment of Second Amended and Restated Loan Agreement in the form attached as Exhibit A hereto (the "Third Amendment");

RESOLVED, FURTHER: That in order to evidence such renewal, extension and reduction of the Credit Facility, the Association is hereby authorized to enter into and execute and deliver to the Lender the Third Amendment and the related renewal and replacement Promissory Note in the original principal amount of \$30,000,000 contemplated under the terms of the Third Amendment (the "Replacement Note");

RESOLVED, FURTHER: That the General Manager of the Association be, and is, authorized and directed for and on behalf, and as the act and deed, of the Association to negotiate the specific terms of, and to execute and deliver to Lender, the Third Amendment, the Replacement Note and such other instruments as Lender may reasonably require in its discretion in connection with the above-described renewal, extension and reduction of the Credit Facility and to take such other action in the consummation and/or administration of the renewal, extension and reduction of the Credit Facility herein contemplated as the officer acting shall deem to be necessary or desirable, and any and all acts heretofore taken by the above-described officer to such end are hereby expressly ratified and confirmed as the acts and deeds of the Association;

RESOLVED, FURTHER: That the General Manager of the Association be, and is, authorized and directed for and on behalf, and as the act and deed, of the

Association and without further authorization of the Board of Directors of the Association, to negotiate and agree to on terms acceptable to the General Manager any and all further renewals, extensions, modifications and/or amendments, but not any additional increases, to the Credit Facility, and to execute and deliver to the Lender such documents as the Lender shall require to evidence any such renewal, extension, modification or amendment, but not any additional increase, and to take such other action in the consummation of the transactions therein contemplated as the officer acting shall deem to be necessary or desirable; and

RESOLVED, FURTHER: That any and all documents, agreements, certificates, opinions, letters, financing statements, consents, schedules and other instruments and writings executed and delivered on behalf of the Association in connection with the foregoing resolutions by the above-named representative of the Association shall be deemed to be the act of the Association and shall be in all respects binding against the Association.

The following named individuals are duly elected and qualified officers of the Association and hold the offices set forth opposite their names, and the signatures set opposite their names are their genuine signatures:

<u>Name</u>	<u>Title</u>	<u>Signature</u>
JOHN W. POLAK	General Manager	_____
_____	Secretary	_____

I further certify that the Plan of Operation of the Association previously furnished to the Lender by the Association in connection with the origination of the Credit Facility has not been amended or modified and remains in full force and effect.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name by order of the Board of Directors thereof effective as of _____, 2021.

_____, Secretary of Texas
FAIR Plan Association

I do hereby certify that I am the duly elected and acting Duly Appointed General Manager of Texas FAIR Plan Association and that _____ is the duly elected and acting Secretary of Texas FAIR Plan Association.

JOHN W. POLAK, General
Manager of Texas FAIR Plan Association

ATTACHMENTS:

EXHIBIT A – Final Form of Third Amendment

EXHIBIT A

(See attached Third Amendment of Second Amended and Restated Loan Agreement)

4D. Selection of Auditors/ Accountants for 2021

MEMORANDUM

DATE: July 19, 2021
TO: John Polak, General Manager
FROM: Stuart Harbour, Controller
RE: Selection of Auditors/Accountants for 2021

Each year the association retains an accounting firm to conduct an audit of the association's financial statements as of and for the year ended December 31. We are currently in the evaluation stage of an RFP process to make a recommendation to the board of directors at the August 2, 2021 meeting to select the association's independent auditor and authorize execution of engagement letters. Before the meeting, governing committee members will be sent the results of the staff evaluation of the proposals and the staff recommendation via email. At the meeting, if the governing committee accepts the staff recommendation, we will ask for the following resolution to be passed. Jerry Fadden's detailed memo explaining the process and the RFP itself are attached for reference. Resolution language follows.

The Board of Directors of the association acting as the audit committee authorizes and directs staff to engage the firm of _____ to conduct the upcoming annual Statutory audits of the association's financial statements.

Please let me know if you have any questions or would like to discuss this matter.

Stuart Harbour

MEMORANDUM

DATE: July 15, 2021

TO: John Polak, General Manager

FROM: Jerry Fadden, Chief Financial Officer

RE: Request for Proposals – TWIA and TFPA Annual Financial Audits

Request for Proposals – Annual Audit

Texas Windstorm Insurance Association (“TWIA”) and the Texas FAIR Plan Association (“TFPA”) issued a joint request for proposals (“RFP”) in late June to obtain proposals from qualified accounting firms for the annual audits of both associations. The last RFP for external audit services was issued in 2013 and the Austin firm of Calhoun, Thomson and Matza was selected and have served as the auditors for TWIA and TFPA annually since that time. The RFP requests that respondents provide a combined proposal (with separate pricing) for both the TWIA and TFPA audits since TWIA manages the activities of TFPA and it would be inefficient to utilize separate auditors for the associations as the financial accounting processes of TWIA also create the accounting transactions of TFPA.

RFP – Timeline

The established timeline for the RFP process is displayed in the table below. The RFP process is compressed between the completion of the prior year-end audit and the August Board meeting to allow time for contract award prior to the start of interim audit work in October or November.

Date	Event
June 25, 2021	Issuance of RFP in Texas Register and posted on TWIA and TFPA websites
June 26, 2021 through July 2, 2021 5:00 PM Central Time	Deadline for Submission of Written Questions
July 9, 2021	Responses to Written Questions Posted on the TWIA Website
July 16, 2021	Deadline for Submission of Proposals
August 2 & 3, 2021	Recommendation presented to TFPA Governing Committee and TWIA Board of Directors
August 31, 2021	Targeted Contract Execution

RFP Procedures

Notification and Firm Contact List

The issuance of the RFP was announced in the Texas Register on June 25, 2021 concurrent with the announcement and posting of the RFP on both the TWIA and TFPA websites. TWIA also developed a firm contact list of known, qualified accounting firms that perform audits of Texas firms and included accounting firms that have previously expressed interest in working with TWIA. The TWIA RFP coordinator reached out to the following firms to notify them of the RFP issuance and invite them to submit proposals.

- Deloitte LLP
- Calhoun, Thomson & Matza, LLP (current auditors)
- Thomas Howell Ferguson, P.A. (Current 401k Auditors)
- Ernst & Young LLP
- PriceWaterhouse Coopers
- BDO Seidman
- KPMG
- Grant Thornton
- CliftonLarsonAllen
- Maxwell, Locke and Ritter

Four firms, Ernst & Young, PriceWaterhouse Coopers, KPMG and Grant Thornton could not be reached or were non-responsive . Email notifications of the RFP issuance and posting on the Texas Register and TWIA website were sent to the contact names provided by representatives of the remaining six firms.

Proposal Evaluation Committee

A Proposal Evaluation Committee has been established and assigned specific responsibilities regarding the completion of the RFP process. Evaluation criteria and scoring worksheets have been developed to facilitate the evaluation process. The Proposal Evaluation Committee consists of the following 5 senior TWIA employees:

1. David Williams (Claims)
2. Jerry Fadden (Finance)
3. Sonya Palmer (Legal)
4. Jessica Crass (Underwriting)
5. Anna Stafford (Communications and Legislative Affairs)

Valuation Criteria and Scoring

Proposals will be evaluated against specific criteria that have been developed to aid the evaluators during their review of each proposal. The criteria have been documented using a series of questions in a Scoring Guidelines document that has been provided to each member of the evaluation committee. Proposals will be assigned points based on these criteria as listed below. The total number of points used to score each proposal is 100. The following criteria will be considered in scoring each proposal:

Evaluation Criteria	Weight
<p><i>Experience and References.</i></p> <ul style="list-style-type: none"> • Experience and qualifications of the specific individuals who are anticipated to perform the services described in this RFP. • References must relate to the type of relevant work experience performed. • Experience must demonstrate quality, reliability, and ability to provide the services detailed in this RFP. • Indicators of probable performance under a past contract, financial stability, infrastructure, and ability to perform all services described in this RFP. 	40 points
<p><i>Clarity and content of Proposal.</i></p> <ul style="list-style-type: none"> • Clarity and content of Respondent's proposal, including their understanding of the nature of the solicitation, their work plan, and their communication skills. 	30 points
<p><i>Cost.</i></p> <ul style="list-style-type: none"> • Reasonableness of costs. 	30 points
Total Points	100 points



SELECTION OF ACCOUNTING FIRM

Once all of the proposals from the respondents have been evaluated, a listing will be compiled of the scores for all firms.

The TFPA Governing Committee and the TWIA Board of Directors will be presented with a recommendation based on the scoring results at the August 2nd and 3rd meetings and make the final selection of the firm to be sent a Notice of Intent to Award letter.

Please let me know if you have any questions.

Jerry

TEXAS WINDSTORM INSURANCE ASSOCIATION

REQUEST FOR PROPOSALS

No. TWIA - 0003 Accounting Services- Annual Audit

Issue Date: June 25, 2021

Deadline for Submission: July 16, 2021 5:00 PM CST, Austin, Texas

Emailed responses will be received until the date and time established for receipt. Responses received later than the specified date and time will be disqualified as untimely.

Submit Responses by Email to: AccountingRFP@twia.org

To obtain a copy of this RFP or for other inquiries, please contact:

Stuart Harbour
Texas Windstorm Insurance Association
Email: AccountingRFP@twia.org

****NOTE**** Any Addendum that adds new language or replaces any language within this RFP controls over the original version.

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2 GENERAL INFORMATION

2.1 Introduction

The Texas Windstorm Insurance Association (“TWIA”) is an association of property insurers created pursuant to Chapter 2210 of the Texas Insurance Code. TWIA insures against losses due to windstorm and hail in certain designated areas of Texas. TWIA invites all qualified Respondents to submit proposals in accordance with the requirements outlined in this Request for Proposals (RFP). The purpose of this RFP is to obtain proposals from qualified Respondents for the accounting services described in this RFP.

This RFP contains the instructions governing the requirements for a proposal to be submitted by interested Respondents, the format in which the proposal is to be submitted, the material to be included in the proposal, the requirements that must be met to be eligible for consideration, the method of selecting a Respondent, and the Selected Respondent’s duties and responsibilities.

Respondents to this RFP are expected to provide TWIA with information and evidence that will permit awarding a contract in a manner that provides the best value to TWIA. Respondents should include in their written proposal all requirements, terms or conditions they may have, and should not assume that an opportunity exists to add such matters after the proposal submission. Unacceptable terms and conditions added by Respondents may cause TWIA to reject the proposal, despite other factors of the evaluation. As described below, this RFP is for accounting services related to the 2021 financial statement audits of both TWIA and the Texas FAIR Plan Association (“TFPA”). TWIA manages the operations of the TFPA.

2.2 TWIA Contact Person

The TWIA contact person identified below is the sole point of contact for this RFP. All communications concerning this procurement and the proposals must be submitted by email to:

Stuart Harbour
AccountingRFP@TWIA.org

Other than the above-named contact person, prospective Contractors or their representatives must not contact TWIA representatives or employees to discuss the contents of this RFP. The restriction shall not, however, preclude discussion between affected parties for the purpose of conducting business unrelated to this procurement.

The contact person at TWIA for day-to-day administration of the contract will be determined upon award. This individual may appoint one or more delegates to assist in the day-to-day administration of the contract and may notify Selected Contractor in writing of those delegates.

2.3 Submission Deadline

Responses to this RFP must be received before the hour and date specified on page 1 of this RFP. Late responses properly identified will be returned by email to Respondent unopened. Dates of receipt for

email responses will be the date shown as received by our system. In no event will TWIA be liable for responses delayed by email systems. Late responses will not be considered under any circumstances. TWIA reserves the right to evaluate responses submitted prior to the stated deadline as they are received.

To be entitled to consideration, Respondents proposals must clearly indicate that Respondents have available the necessary qualified personnel, skills, organization, and facilities to fulfill all the services required under this RFP and any resulting contract. Proposals must demonstrate familiarity and experience with the delivery of accounting services as described in this RFP.

Auditing Experience in the Insurance Industry. Respondent shall be a vendor who has provided auditing services for the insurance industry for a minimum of ten (10) consecutive years as of the date of this RFP, as evidenced by a description of prior engagements. This information must be submitted with the Respondent's Proposal, to be responsive to the "Experience" requirement under "General Background, Qualifications and Experience" (see RFP Section 9.6).

Qualified Key Staff. Respondent must have qualified key staff dedicated to the project. Respondent must specifically detail the qualifications, education, training, experience, and certifications of the key staff who will provide services under the Contract resulting from this RFP. This information must be described in the "Key Staff Qualifications" Section of the Respondent's Proposal (see RFP Section 9.8).

Licensures. Respondent (and/or the key staff member(s) whom Respondent assigns to the project) must be a current holder of the following professional designations: Certified Public Accountant licensed in the State of Texas who is employed by a firm licensed by the Texas State Board of Public Accountancy.

3 DESCRIPTION OF SERVICES/STATEMENT OF WORK

The Texas Windstorm Insurance Association (TWIA) is requesting sealed competitive bids/proposals for the accounting services described below. Selected Respondent will be responsible for performing all the services and for complying with all of the requirements of this RFP.

3.1 Annual Audit

The Selected Respondent will conduct audits in accordance with auditing standards generally accepted in the United States of America covering the financial statements of the two Associations for the year ending December 31, 2021. Statutory and GASB audit reports will be required for TWIA while only a statutory report will be issued for TFWA. Financial statements must comply with the accounting practices prescribed or permitted by the Texas Department of Insurance, National Association of Insurance Commissioners' Accounting Practices and Procedures Manual, Texas state law, Generally Accepted Accounting Principles ("GAAP") and Governmental Accounting Standards Board ("GASB") guidelines, as appropriate. Separate audit reports will be issued for TWIA with one based on accounting practices prescribed or permitted by the Texas Department of Insurance (Statutory Basis) and the other based on a GAAP/GASB Basis.

The results of this audit will be communicated in letter format to the Board of Directors. The auditor will also communicate any reportable conditions found during the audit and any recommendations for

correction and improvement in accounting procedures and internal controls. A reportable condition shall be defined as a significant deficiency in the design or operation of the control structure which could adversely affect the Association's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Auditors shall be required to make an immediate written report of all irregularities and illegal acts to the Board of Directors. The auditor will be required to present their audit reports and any findings to the Board of Directors at meetings scheduled by the Associations in May 2022.

The auditor will be required to make working papers available to the Association and may be required to allow the State Auditor for Texas the opportunity to review the audit work and work products.

The audit results will be shared with the Board of Directors, Texas Department of Insurance, and possibly other entities for purposes of issuing securities or obtaining lines of credit. The audited statutory financial statements for both TWIA and TFPA are posted annually on the respective association websites.

3.2 Other Goods and Services

TWIA may request that Selected Respondent provide additional services throughout the term of any resulting contract. A contract amendment will be executed to reflect any additions or deletions of the services. Costs for any additional services associated with other miscellaneous or special projects must be negotiated by the parties.

3.3 Status Updates

The Selected Respondent shall be available to participate in discussions by telephone, virtual meeting or in person the status of the accounting work and other matters covered under the Statement of Work and Contract resulting from this RFP.

3.4 Quality Assurance Review

Selected Respondent must conduct a Quality Assurance review of all work performed under the resulting Contract.

4 CONTRACT TERM AND RENEWAL OPTIONS

The terms of any contracts resulting from this RFP shall be for the audits of TWIA's 2021 Statutory and GASB financial statements and TFPA's 2021 Statutory financial statements. TWIA and TFPA shall have the option in their sole discretion to renew any resulting contracts for up to four (4) additional one (1) year periods. In the event of such renewal, the scope of services, deliverable dates, and contract amounts may be negotiated.

4.1 Governing Law

The RFP and any resulting contract and work orders shall be governed, construed, and interpreted in accordance with the laws of the State of Texas (but not rules governing conflicts of law issues).

4.2 Venue

Any action or proceeding related to this RFP and any resulting contract and work orders shall be brought as a separate action in Travis County, Texas and venue is proper in only such county.

4.3 Respondent Pricing

Respondents shall offer pricing in accordance with the Mandatory Pricing Form provided in Part 10. TWIA will not make any payments to the Selected Respondent for any costs incurred by the Selected Respondent that were not included in the Respondent's pricing sheet and not approved by TWIA. TWIA shall only pay for costs that are approved and allowable and in accordance with the requirements of this RFP.

4.4 Travel Costs.

TWIA will not reimburse travel costs or costs for meals, lodging, or any other out-of-pocket expenses incurred in conducting the work required under any contract resulting from this RFP. All travel related expenses shall be borne entirely by the Selected Contractor, with the exception of required travel to TWIA Board of Directors' meetings.

4.5 Standards of Performance

Respondent must meet and comply with the Standards of Performance described in this RFP, including all requirements of the contract and all laws, regulations, standards, and other requirements applicable to 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 Board of Public Accountancy.

4.6 Public Information Act Disclosures

TWIA is subject to the Texas Public Information Act (PIA), Texas Government Code Chapter 552. The Proposal and other information submitted to TWIA by the Respondent are subject to release as public information by TWIA. The Proposal and other submitted information are presumed subject to disclosure unless a specific exception to disclosure under the PIA applies.

- a) If it is necessary for the Respondent to include proprietary or otherwise confidential information in its Proposal or other submitted information, the Respondent must clearly label that proprietary or confidential information and identify the legal basis for confidentiality. Merely making a blanket claim that the entire Proposal is protected from disclosure because it contains some proprietary information is not acceptable and will make the entire Proposal subject to release under the PIA.
- b) In order to trigger the process of seeking an opinion from the Office of the Attorney General (OAG) on the release of proprietary or confidential information, the specific provisions of the Proposal that are considered by the Respondent to be proprietary or confidential must be clearly labeled as described above.
- c) Any information which is not clearly identified by the Respondent as proprietary or confidential will be deemed subject to disclosure pursuant to the PIA, and Respondent

will be deemed to have irrevocably consented to disclosure. Respondent agrees to waive any claim of infringement against TWIA and agrees to indemnify TWIA for any claims regarding the Intellectual Property Rights of Respondent or any third-party for any materials appearing in the Proposal.

4.7 Proprietary Interests and Final Work Product

All work-papers, data, materials, testimony, information, and reports developed by Respondent will remain the property of Respondent. Respondent will make working papers available to State insurance regulators pursuant to authority given them by law or regulation. Access to the requested working papers will be provided to the State insurance regulators pursuant to a request under Chapter 401 of the Texas Insurance Code.

4.8 Accuracy of the Proposal and Cost of Submitting the Proposal

Respondent's Proposal must be true and correct and must contain no cause for claim of omission or error.

TWIA will not reimburse the Respondent for any cost related to the preparation or submission of the Proposal. Respondent is responsible for any expense related to the preparation and submission of its Proposal.

4.9 Exception to Provisions

If Respondent takes any exceptions to any provisions of this RFP, these exceptions must be specifically and clearly identified by RFP section in Respondent's Proposal in response to this RFP and provided in the Executive Summary addressed in Section 9.5 or in a spreadsheet submitted as an attachment to the Executive Summary letter.

Any exception included in a Proposal may result in a contract not being awarded to the Respondent. However, if a Respondent includes exceptions in its Proposal, the Respondent shall clearly identify each exception it takes, noting the specific RFP section number, section title, detailed description of the exception taken, and the Respondent's proposed language, in lieu of the language to which exception is taken.

4.10 Responsive Information

The Respondent's Proposal must be responsive to all requirements set forth in this RFP, address how the Respondent shall meet the RFP specifications, and prepared according to the format described in this RFP. All Proposals must provide sufficient information to enable the review committee to evaluate the Respondent's ability to provide the Services described in Part 3, Description of Services/Statement of Work and to comply with any other contractual provisions described in this RFP. Responses that are general in nature and do not address how the Respondent will meet the RFP requirements may be disqualified from further consideration or may receive a lower evaluation score due to poor quality of response

5 RFP SELECTION PROCESS

Email responses to this RFP must be received at TWIA's office before the hour and date specified on page 1 of this RFP. Dates of receipt for email responses will be date shown as received by our system. In no event will TWIA be liable for responses delayed by email systems. TWIA reserves the right to evaluate responses submitted prior to the stated deadline as they are received.

TWIA will conduct a fair, comprehensive, and impartial evaluation of all proposals received in response to this RFP using an evaluation committee comprising TWIA senior executives (the "Evaluation Committee"). Each member of the Evaluation Committee will conduct an independent review of each proposal submitted and assign each proposal a score. Each committee member will score the proposal on each major criterion described below. Each Proposal will be evaluated both individually and relative to the Proposals submitted by other Respondents

The scores of all members of the Evaluation Committee will be compiled and an average score established for each Respondent. At the conclusion of the evaluations, TWIA shall determine the number of Respondents with which it will start contract negotiations. TWIA may enter contract negotiations with one or more Respondents. The evaluation committee's recommended respondent will be provided to the TWIA Board of Directors and the TFPA Governing Committee for review and consideration regarding any potential contract award.

The Evaluation Committee may request clarification of information or representations in any proposal before completing the initial evaluation. Requests for clarification and responses to requests for clarification will be in writing and will become part of the evaluation record.

5.1 Written Questions and Official Response

Respondents may submit written questions addressed to the TWIA contact person identified in Section 2.2. All questions must be received, in writing via email, by the TWIA contact person **no later than 5:00 P.M. Central Time on July 2, 2021**. The email subject line must state: TWIA-0003 Accounting Services – Audit – Questions. Telephone inquiries will not be answered.

Responses to timely submitted questions that are not already addressed in the RFP will be posted on the TWIA website on July 9, 2021 (TWIA.ORG \ Vendors \ RFQS AND RFPS). Only those questions that are appropriately relevant to the solicitation will receive a response in the Question and Answer document.

5.2 Selection of Short List of Respondents

After review of the Proposals and the Evaluation Committee scoring results, the Evaluation Committee intends to select one or more Respondents for further consideration ("Short List"). TWIA staff will communicate directly with the Respondents who are selected for the Short List.

5.3 Oral Presentations

Respondents identified for the Short List may be asked to make in-person or live video presentations to the Evaluation Committee. These presentations may involve a question and answer period.

5.4 Best and Final Offer (BAFO)

Following the initial scoring of Proposals according to the Evaluation Criteria described in Part 7, and

Respondent oral presentations, if any, TWIA, in its sole discretion, may proceed in making a contract award(s), or may proceed to request a BAFO from one or more Respondents whose Proposals and scores are, in the committee's determination, sufficient to qualify them for further consideration and negotiation.

The BAFO process will allow the requested Respondents to modify its Proposal, including original pricing or services. BAFOs would then be re-evaluated by the Evaluation Committee.

Should TWIA determine that a BAFO process is beneficial to TWIA's interests, participating Respondents will have an established time period in which to exercise due diligence to confirm that all RFP requirements have been identified, and to prepare its BAFO. At the conclusion of the BAFO evaluations, if any, TWIA will determine the number of Respondents with which it will commence contract negotiations. Respondents not invited for contract negotiations shall not be allowed to alter their RFP.

5.5 Contract Negotiations

TWIA will have the option to negotiate with one or more Respondents, including, but not limited to pricing, services, provisions, terms, and conditions. TWIA reserves the right to continue to negotiate until the point where the best value for TWIA has been determined as achieved.

5.6 Best Value Consideration

TWIA will be the sole judge of best value. Award will be based on best value criteria and may include but is not limited to:

- a) Best meets the goals and objectives as stated in this RFP.
- b) Best meets the quality and reliability of the proposed Services.
- c) Delivery terms.
- d) Other factors relevant to determining the best value for TWIA.

TWIA will terminate the contract negotiations when TWIA, in its sole discretion, determines that the best value for TWIA has been obtained. If the RFP is awarded, TWIA will issue a notice of award to the Selected Respondent. However, there is no guarantee that an award or any contract will result from this solicitation.

6 SCHEDULE OF EVENTS

The time schedule for awarding a contract under this RFP is shown below. TWIA reserves the right to amend the schedule.

Date	Event
June 25, 2021	Issuance of RFP
June 26, 2021 through July 2, 2021 5:00 PM Central Time	Submission of Written Questions

July 9, 2021	Responses to Written Questions Posted on the TWIA Website
July 16, 2021	Deadline for Submission of Proposals
August 3, 2021	Anticipated Contract Award**
August 31, 2021	Targeted Contract Execution**

Note**: The anticipated Contract award date is a target date, but is not guaranteed, as final contract negotiations with the Respondent will determine when or if the actual Contract award will be made.

7 EVALUATION CRITERIA

TWIA shall award a contract to the Respondent who submits the Proposal determined to be the best value to TWIA and who meets all requirements included in this RFP. The Evaluation Committee will initially evaluate and score Proposals using the evaluation criteria outlined below. The relative weight of each criterion is indicated by the maximum possible number of points indicated in the right-hand column.

Evaluation Criteria	Weight
Experience and References. Experience and qualifications of the specific individuals who are anticipated to perform the services described in this RFP. References must relate to the type of relevant work experience performed. Experience must demonstrate quality, reliability, and ability to provide the services detailed in this RFP. Indicators of probable performance under a past contract, financial stability, infrastructure, and ability to perform all services described in this RFP.	40 points
Clarity of Proposal. Clarity and content of Respondent's proposal, including their understanding of the nature of the solicitation, their work plan, and their communication skills.	30 points
Cost. Reasonableness of costs.	30 points
Total Points	100

8 PROPOSAL/RESPONSE FORMAT

8.1 Respondent Documents

All Respondent's documents that are related to the requested services, this RFP, the Bid Responses, or any resulting contract are collectively referred to in this RFP as "Respondent Documents." Documents that are not submitted with Respondent's RFP response will not be accepted or considered part of the response or any resulting contract.

8.2 Proposal Format

Proposals must be provided in electronic form (PDF format) via email to AccountingRFP@twia.org.

All proposals submitted must be organized and arranged to be easily reconciled to the numbered sections of this RFP. All pages must be numbered.

The person signing Respondent's response must show title or authority to bind his or her firm in a contract. Emailed submissions with electronic signatures are acceptable; electronic signatures will be considered original signatures.

Proposals must be concise and clear. The Respondent's Proposal must be responsive to all requirements set forth in this RFP, address how the Respondent shall meet the RFP specifications, and prepared according to the format described in this RFP.

All Proposals must provide sufficient information to enable the Evaluation Committee to evaluate the Respondent's ability to provide the Services described in Part 3, Description of Services/Statement of Work, and to comply with any other contractual provisions described in this RFP.

Responses that are general in nature and do not address how the Respondent will meet the RFP requirements may be disqualified from further consideration or may receive a lower evaluation score due to poor quality of response.

9 RESPONSE DOCUMENTS

The Respondent should provide all information that the Respondent believes would be helpful to TWIA in establishing the Respondent's ability to perform the Services described in this RFP and comply with the requirements of this RFP and any resulting Contract.

9.1 Transmittal Letter

The first page of the proposal must be a Letter of Transmittal that includes the information specified below.

- a) A commitment by the Respondent to provide the services required by TWIA and TFPA in this RFP.
- b) A statement that the proposal is valid for 90 calendar days from the day after the date that the proposals are delivered to TWIA.

- c) A dated signature of a person(s) legally authorized to bind the Respondent to the terms and conditions contained in this RFP and to comply with the information and representations submitted in the proposal. The proposal must state that the signatory is authorized to bind the Respondent to the terms and conditions set forth in this RFP. Proposals submitted without the required signature will be disqualified.
- d) A statement certifying to the completeness, veracity, and accuracy of the information provided in the proposal. By submitting a signed proposal, Respondent agrees that it fully understands this RFP and shall abide by the terms and conditions contained in it. Any exception to the requirements of this RFP must be specifically noted in writing and explained by Respondent in its RFP response as a condition to becoming part of any subsequent contract.
- e) Respondent must list the name, title, phone number, and email addresses of at least two (2) individuals who will be the contact persons for this RFP and who have the authority to respond to questions from TWIA

9.2 Proposal Submission Checklist

The Proposal Submission Checklist is included as **Attachment 1** to this RFP. The checklist is provided to help the Respondent ensure that a proper Proposal is submitted in the required format. Respondent must include the completed checklist as part of the proposal.

9.3 Title Page

The Proposal must contain a title page that includes the following information:

- a) RFP number and Title,
- b) Respondent's name and address,
- c) Respondent's State of Texas taxpayer number and Federal Employer's Identification Number, and
- d) Respondent's contact name, title, signature, and date.

9.4 Table of Contents

The Proposal must contain a table of contents that clearly identifies and denotes the location of each section and subsection of the Proposal. Additionally, the table of contents must clearly identify and denote the location of all enclosures and attachments to the Proposal, including relevant page numbers.

9.5 Executive Summary

Each Respondent must provide a summary of the services proposed in response to this RFP and the estimated costs.

The Executive Summary must not exceed five pages and should represent a full and concise summary of the contents of the proposal.

The Executive Summary should include, at a minimum, the following:

- a) a brief description of the Respondent's qualifications;
- b) a description of the Respondent's experience with providing the services requested;

- c) a description of the Respondent's understanding of the requirements as outlined in Part 3, Description of Services/Statement of Work;
- d) any exceptions to any provisions of this RFP as described in Section 4.9, and
- e) any additional requirements, terms and conditions, or any documentation unaddressed in the RFP that the Respondent has attached in the Proposal as a material submission to the RFP.

9.6 General Background, Qualifications and Experience of Respondent

This response section details the Respondent's background and experience, including past performance, as it relates to projects similar in scope to the services described in this RFP. The Respondent must demonstrate its ability to perform the services described in the RFP by providing, at a minimum, the information detailed below. This section should include information that addresses the firm and the team's experience, reputation and qualifications in regard to the required services.

This response section must detail the Respondent's qualifications to respond to this RFP and be considered for an award. To be entitled for consideration, Respondent must have available the required qualified personnel, knowledge, skills, abilities, organization, facilities, materials, supplies, and equipment to fulfill all requirements under this RFP and any resulting Contract.

9.7 Specific Expertise, Experience and Qualifications (Engagements)

Exhibit A, Tab 1 must list representative engagements of comparable complexity and sensitivity to the requirements of this RFP that were similar to the services described in this RFP, or which, though different, require the same general types of resources and skills.

The Response should include information related to the Evaluation Criteria, listed previously. The Response should indicate whether the representative engagements included the proposed team or not.

Each description should be as detailed as necessary to enable TWIA to reasonably assess the relevance and usefulness of such experience. Respondent must give the client organization's name and describe the service performed; the service's beginning and ending dates and current status of the client relationship.

9.8 Key Staff Qualifications

Exhibit A, Tab 2 must detail information about the Respondent's key staff who will provide services under any Contract resulting from this RFP and must detail the role or types of services that each key staff member will provide.

Respondent must include summary background information for each key staff member to be assigned to this project including title; education; training; relevant experience; length of service with the Respondent's firm; and professional accreditations, certifications, designations, and licenses. Full résumés may be provided but are not required.

9.9 Subcontractors

Respondent must submit a list of subcontractors or potential subcontractors whom Respondent may engage to perform services for the Associations as part of any contract that may result from this RFP.

TWIA reserves the right to request additional information regarding any proposed subcontractor or vendor.

Respondent shall be fully responsible for all of its participating subcontractors and vendors and their performance of any duties as part of any contract that may result from this RFP.

9.10 Schedule

Respondent must provide a proposed work plan and estimated timeline for each service listed under 3.1. Contractor must confirm in its RFP response that the meeting dates and filing deadlines can be satisfied.

9.11 References and Peer Review

Exhibit A, Tab 3 must provide a minimum of three (3) verifiable references from clients for whom the Respondent has performed comparable services of similar scope and size. Respondent must provide the name, title, telephone number, and email address of the key contact(s) at the client organization.

TWIA may, at their discretion, contact these references to verify experience or performance of the Respondent. By providing the name of a contact person, Respondent consents to such communication by TWIA

In addition to references, Respondent must provide a copy of their most recent Peer Review Letter.

9.12 Financial Responsibility

Respondent must provide evidence of financial responsibility and stability for performance of the services for which a proposal is submitted. In addition, the Respondent must disclose the source of any outside financial resources that will be utilized by the Respondent to enable it to perform any contract awarded pursuant to this RFP.

TWIA reserves the right to require any additional information necessary to determine the financial integrity and responsibility of a Respondent and to reject a response on the grounds of the Respondent's financial soundness.

9.13 Professional Insurance

The Selected Contractor will be required to provide proof of professional liability insurance covering errors and omissions upon entering into a contract with TWIA within 48 hours of the effective date of such contract. By submitting a response to this RFP, Respondent agrees to comply with this requirement.

9.14 Actual or Potential Conflicts of Interest

Exhibit B must provide a statement of any actual conflicts or potential conflicts of interest for the Respondent, and the Respondent's Employees who will or may provide services under any Contract resulting from this RFP. Failure to disclose all actual conflicts or potential conflicts of interest may result in disqualification of the Respondents' Proposal or termination of the resulting Contract.

If the circumstances certified by Respondent change or additional information is obtained subsequent to submission of the Respondent's Proposal, Respondent shall submit updated information as soon as reasonably possible, upon learning of any change to Respondent's response.

9.15 Cost

Respondent must provide separate price estimates of the full cost of delivering the services described in the Statement of Work for TWIA and TFPA using the Mandatory Pricing Form provided below. Each estimate will necessarily include assumptions about the time required by individual staff members to complete the work to the standards specified herein. Responses subject to increases in hourly rates over the contract period will not be considered.

10 Mandatory Pricing Form

Unless otherwise agreed in writing and signed by TWIA, each Respondent agrees to and shall be bound by the information and documentation provided with the proposal, including the total proposed pricing for the audit engagements and hourly rates. By submitting a proposal, the Respondent commits to providing the goods and services required at the total fee set forth in its proposal. Proposals must be valid for 90 calendar days following the proposal receipt date. Proposed rates must be firm and guaranteed for the initial contract period of any resulting contract.

List all positions, names of key staff, certifications, hourly rates, and estimated number of hours of each position that will be assigned to work on the audit engagements.

Example Pricing Form: (Note this is an example only to demonstrate pricing form requirements).

Title	Names of Key Staff	Hourly Rate	Estimated Number of Hours	Estimated Cost	Certifications
Senior Auditor	J. Smith	\$100.00	150	\$15,000	CPA
Manager	M. Johnson	\$140.00	50	\$7,000	CPA
Partner	P. Franklin	\$175.00	20	\$3,500	CPA
Staff Auditor		\$80.00	140	\$11,200	
Clerical		\$25.00	40	1,000	Not applicable
Total TWIA:				\$37,700	

A Separate pricing form must also be provided reflecting the proposal costs for the TFPA annual audit.

The total cost of Respondent's proposal for TWIA is: **\$37,700** excluding any travel costs.

The cost does not include any amounts other than the cost of staff billable hours.

Mandatory Pricing Form

Respondent's Staff

Title	Names of Key Staff	Hourly Rate	Estimated Number of Hours	Cost	Certifications

Total _____

The total cost of Respondent's proposal is: \$_____, excluding any travel costs.

Please note if the estimated expenses include any amounts other than the cost of staff billable hours and provide supporting detail.

The remainder of this page has been intentionally left blank.

11 Definitions

The following terms and acronyms have the meanings set forth below for purposes of this RFP. These definitions apply to all parts of this Request for Proposals (RFP).

Definitions	
TERM	DEFINITION
Addendum	An addition, change, or supplement to the solicitation document issued prior to the response due date.
Contract	The written agreement, if any, executed by the authorized representative of Association and the Respondent that formalizes the terms, provisions, covenants, and obligations, including but not limited to those contained in this RFP, of the respective parties to the arrangement for provision of services.
Contractor	The individual or business entity that has a contract to provide goods or services to the Association. This is used interchangeably with the term “Vendor”.
Employee	The term “Employee” includes any individuals who, on behalf of the Respondent, will or may participate in any Contract resulting from this RFP. The term “Employee” includes all personnel, replacement personnel, agents, contractors, subcontractors, subcontractor employees, and other representatives of the Respondent, regardless of how employed or contracted by Respondent.
Request for Proposal (RFP)	The document so titled and exhibits, attachments, and appendices thereto which constitute the solicitation requesting submittal of a proposal in response to the required scope of services (statement work) and usually includes some form of a Cost Proposal and allows for negotiations between the proposer and the issuing agency.
Respondent	An individual or business entity submitting a proposal in response to this RFP.
Respondent’s Employee(s)/Respondent’s Personnel	Any and/or all of the following, without limitation to: employees, leased employees, agents, officers, directors, staff, independent contractors, contractors, or subcontractors, or any individuals furnished, referred, or provided by the Respondent for the purposes arising out of or related to this RFP, the Respondent’s Proposal, and the contract, if any, that results from the award made by TWIA to the Respondent.

Responsive	Means that a Respondent has complied with all material aspects of the solicitation document, including the submission of all required documents, and within the time frame specified within the solicitation document.
Selected Respondent	The individual or business entity qualified to provide the goods and/or services sought by TWIA pursuant to this RFP and who is ultimately selected to carry out the requirements stipulated in this RFP and any resulting contract.
Vendor	The individual or business entity that has a contract to provide goods or services to the Association. This is used interchangeably with the term “Contractor”.

12 Attachment 1 - PROPOSAL SUBMISSION CHECKLIST

This checklist is provided to help the Respondent ensure that a proper Proposal is submitted in the required format. Respondents must include this completed checklist as the cover page of the entire Proposal.

Order	Proposal Component	RFP Section Reference	Verify Inclusion by Initials
1	Transmittal Letter	Sec. 9.1	
2	Proposal Submission Checklist	Sec. 9.2	
3	Title Page	Sec. 9.3	
4	Table of Contents	Sec. 9.4	
5	Executive Summary	Sec. 9.5	
6	Body of Proposal, including <ul style="list-style-type: none">General Background, Qualifications and Experience	Sec. 9.6	
7	Exhibit A, Tab 1 Specific Expertise - Representative Engagements	Sec. 9.7	
8	Exhibit A, Tab 2 Key Staff Qualifications	Sec. 9.8	
9	Subcontractors	Sec. 9.9	
10	Schedule	Sec. 9.10	
11	Exhibit A, Tab 3 References and Peer Review	Sec. 9.11	
14	Exhibit B Conflicts of Interest	Sec. 9.14	
15	Costs Mandatory Pricing Form	Sec. 9.15 Sec. 10	

Signature of Representative

Date

Printed Name

Company Name

Title

5. Actuarial Reserve Adequacy



TEXAS FAIR PLAN
ASSOCIATION

Xiuyu Li, ACAS, MAAA
Senior Actuary

MEMORANDUM

REVIEW DATE: July 14, 2021

TO: John Polak, General Manager

Cc: Jerry Fadden, Chief Financial Officer

FROM: Xiuyu Li, Senior Actuary

RE: Reserve Adequacy

TFPA actuarial staff has completed a review of Texas FAIR Plan Association loss and loss adjustment expense reserves as of June 30, 2021.

Based on this review, the “indicated” ultimate costs of Hurricane Harvey is \$84.5 million, remaining the same as the indicated ultimate loss and expense estimate based on the review as of March 31, 2021. Due to uncertainties surrounding the adequacy of case reserves and the outcomes of disputed claims, the “selected” ultimate gross loss & expense estimate has been maintained at \$85 million.

As of June 30, 2021, TFPA carried \$20 million in total gross loss and loss adjustment expense reserves with \$5.6 million of the total gross losses and expenses reserves ceded to reinsurance companies rated A- or better by A.M. Best Company. Collectability risk has been reviewed and found to be immaterial relative to total gross reserve.

In my opinion, the Association’s net reserves met the requirements of the insurance laws of Texas, were consistent with reserves computed in accordance with accepted actuarial standards and principles and made a reasonable provision for all combined unpaid loss and loss expense obligations of the Association under the terms of its contracts and agreements. My opinion on the loss and loss adjustment expense reserves net of ceded reinsurance assumes that all ceded reinsurance is valid and collectible.

The complete actuarial analysis is available on request.

XL

July 14, 2021

6. Internal Audit

Internal Audit Status & Update

MEMORANDUM

TO: The Governing Committee - Texas FAIR Plan Association

FROM: Bruce Zaret, Weaver - Internal Audit

DATE: August 2, 2021

SUBJECT: Status of Internal Audit Activities

The following is our internal audit update representing current and planned activities:

➤ **Current Activities:**

Activity Description	Status
Legal and Compliance	Report issued
Communications & Legislative Affairs	Report issued
Disaster Recovery	Report in final review
Governance	Report in review by management
Cash Management	Report in review by management

➤ **Upcoming Audits:**

Activity Description	Timing
Information Security	3 rd Quarter
Premium Taxes	3 rd Quarter
Fraud Risk Assessment	3 rd / 4 th Quarter
Actuarial	3 rd Quarter
Plan of Operation	3 rd / 4 th Quarter
Business Continuity of Operations	3 rd / 4 th Quarter
Vendor Management	4 th Quarter

➤ **ELT meetings:**

- Attended Executive Leadership Team and Operations meetings.

Texas FAIR Plan Association

Internal Audit Plan – Lookback (2018-2020) and Prospective (2021-2023)

Process Area	2020 Risk Rating	2018	2019	2020	2021	2022	2023
Information Security	High	x			x		
Claims Processing	High		x	x		x	
Reinsurance	High			x		x	
Database and Application Administration	High			x			x
Communications	High	x		x		x	
Actuarial (Pricing and Reserving)	High	x			x		
Legal & Compliance	High	x		x			x
Underwriting	Moderate	x		x			x
Plan of Operation	Moderate				x		x
Business Continuity of Operations	Moderate		x		x		
Disaster Recovery	Moderate			x	x		
Governance	Moderate				x		
Financial Close and Reporting	Moderate			x			x
Accounts Payable and Expense Processing	Moderate		x			x	
Application Development	Moderate	x				x	
Information Technology Services	Moderate					x	
Vendor Management	Moderate		x		x		
Facilities and Services	Moderate			x			x
Cash Management	Moderate	x			x		
Fraud Risk Assessment	Low				x		
Premium Taxes	Low				x		
Accounts Receivable	Low		x			x	
Payroll	Low		x			x	

7. Underwriting Operational Review Update

MEMORANDUM

DATE: July 14, 2021
TO: John Polak, General Manager
FROM: Denise Larzalere, Vice President Underwriting
RE: Update on Underwriting Operational Highlights

Second Quarter 2021 Highlights

I. Service Results:

- a. Underwriting continues to have consistent turnaround time on all policy transactions. Our goal is to issue 90% of new business submissions, endorsements, renewals, and cancellations within 10 days; we are surpassing this standard with over 99% of transactions processed within 10 days and with approximately 90% of new business via straight through processing.
- b. Quality Assurance scores on the underwriting decisions continue to meet or exceed established goals.
- c. Customer Service telephone response time and quality results are within our established goals.
- d. Underwriting operated under budget year to date, primarily driven by managing headcount, reduced inspections, and lower call center expense.

II. TFPA Agent Audit Results:

- a. A standard sample of agencies were selected for review in the second quarter of 2021 to verify compliance with the declination of coverage requirement and TFPA Producer Requirements and Performance Standards. Ninety percent of agents have responded, with follow-up requests being sent to the remaining agents.
 - i. Proof of declination was received for sixty-five percent of the policies selected. Staff is following up for outstanding proof of declinations.
 - ii. Signed applications and eligibility statements were provided for seventy-one percent of the policies selected. Staff is following up with the agents who have not yet provided signed applications.
- b. All agents audited have an active property & casualty insurance license, and all agents have the required direct standard market appointments.

8. Claims and Litigation

8A. Claims Operations

TFPA Claims Operations 2021

TFPA Claims - 2021 Results (through Q2)					
Key Cycle Times (In days)	Industry Average, TX	TFPA	TFPA Plan	Variance to Plan	% Variance to Plan
FNOL to Inspect Property	5.6	3.6	<3	0.6	20%
Inspect Property to Receipt by TFPA	3.5	2.2	<8	-5.8	-73%
Total Cycle Time FNOL to Payment	N/A	13.1	<12	1.1	7%
TDI Complaint Ratio					
2020	0.09% - 5 complaints from 5,645 new claims				
2021	0.18% - 13 complaints from 7,032 new claims				

Year	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21
Actual Volume	523	382	400	392	658	576	647	521	579	378	266	323	313	3717	1,488	517	513	484
Actuarial Projected	400	296	292	737	727	281	277	273	269	354	262	258	369	220	219	727	724	331
Median Staffing	286	286	286	286	286	286	286	286	286	286	286	286	342	342	342	342	342	342
Open Inventory	617	592	558	529	491	712	691	1,332	1,237	1,128	1,098	1,126	1,091	3,084	1,519	1,246	1,244	1,134

TFPA - Claim Severity by Accident Year and Peril

Reported Claims by Peril

Year	Fire		Liability		Theft		Water		Wind / Hail		All Perils	
	Claims	% Δ	Claims	% Δ	Claims	% Δ	Claims	% Δ	Claims	% Δ	Claims	% Δ
2017	282	-	119	-	271	-	960	-	20,251	-	22,284	-
2018	211	-25.2%	114	-4.2%	184	-32.1%	1,007	4.9%	2,932	-85.5%	4,777	-78.6%
2019	232	10.0%	81	-28.9%	156	-15.2%	727	-27.8%	4,937	68.4%	6,488	35.8%
2020	113	-51.3%	90	11.1%	109	-30.1%	620	-14.7%	3,519	-28.7%	4,876	-24.8%
2021	87	-23.0%	33	-63.3%	33	-69.7%	3,624	484.5%	1,091	-69.0%	6,336	29.9%

Incurred Amounts by Peril

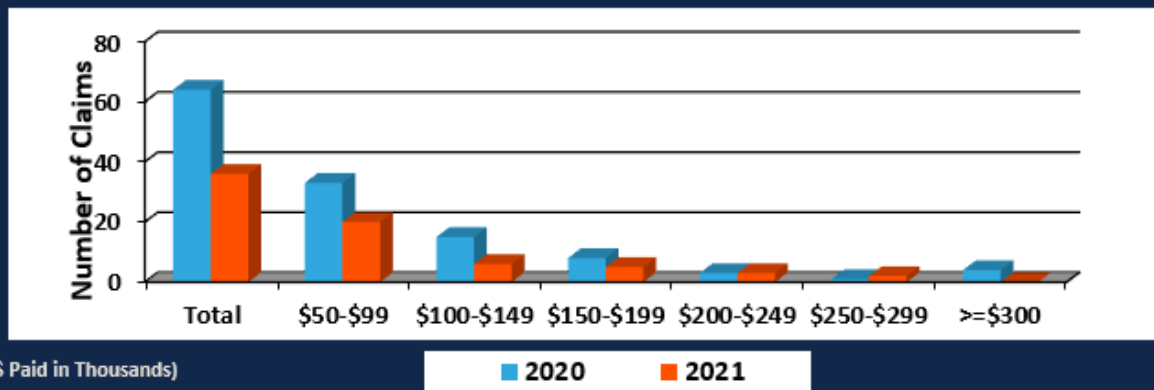
Year	Fire		Liability		Theft		Water		Wind / Hail		All Perils	
	Incurred	% Δ	Incurred	% Δ	Incurred	% Δ	Incurred	% Δ	Incurred	% Δ	Incurred	% Δ
2017	\$11,533,193	-	\$1,023,968	-	\$628,257	-	\$906,433	-	\$50,686,166	-	\$65,420,144	-
2018	\$9,524,538	-17.4%	\$416,762	-59.3%	\$512,246	-18.5%	\$967,647	6.8%	\$8,939,143	-82.4%	\$20,936,451	-68.0%
2019	\$9,748,151	2.3%	\$567,045	36.1%	\$392,556	-23.4%	\$551,611	-43.0%	\$20,644,856	130.9%	\$32,490,931	55.2%
2020	\$5,754,782	-41.0%	\$520,744	-8.2%	\$201,930	-48.6%	\$470,759	-14.7%	\$14,243,642	-31.0%	\$23,959,344	-26.3%
2021	\$5,187,230	-9.9%	\$12,268	-97.6%	\$22,054	-89.1%	\$3,256,261	591.7%	\$2,875,130	-79.8%	\$12,157,968	-49.3%

Incurred Claim Severity by Peril

Year	Fire		Liability		Theft		Water		Wind / Hail		All Perils	
	Severity	% Δ	Severity	% Δ	Severity	% Δ	Severity	% Δ	Severity	% Δ	Severity	% Δ
2017	\$40,898	-	\$8,605	-	\$2,318	-	\$944	-	\$2,503	-	\$2,936	-
2018	\$45,140	10.4%	\$3,656	-57.5%	\$2,784	20.1%	\$961	1.8%	\$3,049	21.8%	\$4,383	49.3%
2019	\$42,018	-6.9%	\$7,001	91.5%	\$2,516	-9.6%	\$759	-21.0%	\$4,182	37.2%	\$5,008	14.3%
2020	\$50,927	21.2%	\$5,786	-17.3%	\$1,853	-26.4%	\$759	0.1%	\$4,048	-3.2%	\$4,914	-1.9%
2021	\$59,623	17.1%	\$372	-93.6%	\$668	-63.9%	\$899	18.3%	\$2,635	-34.9%	\$1,919	-60.9%

*Case incurred amounts exclude loss adjustment expenses and IBNR reserves

TFPA - Large Loss Based On Paid Indemnity



Date	Total	\$50-\$99	\$100-\$149	\$150-\$199	\$200-\$249	\$250-\$299	>=\$300
2020 (complete year)	55	31	11	7	3	1	2
Liability	9	2	4	1	0	0	2
2021 (year to date)	36	20	6	5	3	2	0
Liability	0	0	0	0	0	0	0
Variance	-28	-13	-9	-3	0	1	-4

Hurricane Harvey

TFPA Harvey	As of 3/31/21	As of 6/30/21	Change	% Change
Claims	18,001	18,003	2	0.01%
Open	194	137	-57	-29.4%
Closed	17,807	17,866	59	0.3%
% Closed	98.90%	99.20%	0.3%	0.3%
Paid Indemnity	\$35,840,485	\$36,316,964	\$476,479	1.3%
Paid Expense	\$23,428,794	\$23,835,251	\$406,457	1.7%
Active Appraisals	5	1	-4	-80.0%

8B. Litigation Report



TFPA Litigation Tracking Activity

Litigation Quarter Summary Second Quarter 2021

2nd Quarter 2021	Summary of TFPA Claims in Suit					
	New		Settled		Closed	
	1st Party	3rd Party	1st Party	3rd Party	1st Party	3rd Party
	April	4	0	0	12	0
	May	1	0	0	19	0
June	3	3	0	0	29	0
	8	3	0	0	60	0

2nd Quarter 2021	Summary of TFPA Claims with LORs					
	New		Settled		Closed	
	1st Party	3rd Party	1st Party	3rd Party	1st Party	3rd Party
	April	17	1	0	9	1
	May	8	0	0	10	1
June	4	3	0	0	13	3
	29	4	0	0	32	5



TEXAS FAIR PLAN
ASSOCIATION

TFPA Claims Litigation June 2021

Jun-21	TFPA Claims in Suit						
		Beginning Inventory	New	Closed	Ending Inventory		
					1st Party	3rd Party	TOTAL
	Wind/Hail	184	1	(29)	156	0	156
	Other Perils	9	2	0	11	0	11
	Bodily Injury	0	3	0	0	3	3
	Property Damage	0	0	0	0	0	0
	TOTAL	193	6	(29)	167	3	170

Jun-21	TFPA Claims with LORs							
		Beginning Inventory	New	Closed	Converted to Suit	Ending Inventory		
						1st Party	3rd Party	TOTAL
	Wind/Hail	66	1	(4)	(1)	62	0	62
	Other Perils	17	3	(9)	(1)	10	0	10
	Bodily Injury	1	3	(3)	0	0	1	1
	Property Damage	0	0	0	0	0	0	0
	TOTAL	84	7	(16)	(2)	72	1	73

Jun-21	TFPA Claims with Suits/LORs: Detail of Ending Inventory											
	Category	Active Unsettled Claims					Settled & Funded (Awaiting closing documents and final invoices)					GRAND TOTAL
		Suits		LORs			Suits		LORs			
		1st	3rd	1st	3rd	Total	1st	3rd	1st	3rd	Total	
	TOTAL	167	3	72	1	243	0	0	0	0	0	243



TEXAS FAIR PLAN
ASSOCIATION

Jun-21	TFPA Active Claims with Suits/LORs: Breakdown by Plaintiff Firm	
	Firm	Total
	Buzbee Law/Manuel Solis	83
	Manuel Solis, P.C.	63
	Dick Law Firm	28
	Daly & Black	11
	Lane Law Firm	8
	Buzbee Law Firm	5
	Chad T. Wilson Law Firm	4
	Cristobal M. Galindo P.C.	4
	Law Offices of Hair Shunnarah	3
	Arnold & Itkin LLP	3
	Moss Legal Group	2
	Omar Ochoa Law Firm	2
	Brasher Law Firm	2
	Potts Law Firm	2
	Remaining 21 firms	23
	TOTAL	243



TEXAS FAIR PLAN
ASSOCIATION

Jun-21	TFPA Active Claims with Suits/LORs: County of Loss Location			
	County	1st Party	3rd Party	Total
	Baytown	1	0	1
	Bexar	2	0	2
	Chambers	1	0	1
	Dallas	1	1	2
	El Paso	2	0	2
	Ft. Bend	13	0	13
	Galveston	3	0	3
	Harris	205	2	207
	Hidalgo	2	0	2
	Jasper	1	0	1
	Johnson	0	1	1
	Llano	1	0	1
	Maverick	1	0	1
	Montgomery	2	0	2
	Orange	2	0	2
	Tarrant	1	0	1
	Waller	1	0	1
	TOTAL	239	4	243

9. TFPA Operations Communications Update

MEMORANDUM

DATE: July 14, 2021

TO: TFPA Governing Committee

FROM: Jennifer Armstrong, Vice President, Communications & Legislative Affairs

RE: Communications & Legislative Affairs Operational Highlights

Legislative & Regulatory Affairs

- a) The 87th Legislative Session concluded on May 31. During the final month of the session, Association staff was active in working with key legislators on legislation that would impact our operations. Senate Bill 1448, authored by Sen. Larry Taylor (Galveston County), was passed and signed by the Governor and will become effective September 1. The new law consolidates and extends the deadlines for the Windstorm Insurance Legislative Oversight Board to conduct studies on TWIA's funding structure and a potential merger of TWIA and TFPA.
- b) Post-Session Developments:
 - i. Following the conclusion of the regular session, the Lieutenant Governor announced several changes to Senate committee chairmanships, including replacing Sen. Kelly Hancock (Tarrant County) with Sen. Charles Schwertner (Williamson County) as chair of the Business & Commerce Committee. It was also reported that insurance issues may be removed from the jurisdiction of that committee and transferred to the Jurisprudence Committee, chaired by Sen. Joan Huffman (Harris County). Our latest information from the Lieutenant Governor's office is that no final decision has been made as to which Senate committee will hear Association and insurance legislation going forward.
 - ii. Governor Abbott announced in June that he would call a 30-day special session of the Legislature beginning July 8 to consider several issues unrelated to the Association. The Texas Constitution limits the scope of a special session to issues determined by the Governor. Legislators may still introduce bills on unrelated topics. However, such legislation may not be enacted unless amended to a bill germane to the Governor's Call. The Governor may also amend his Call and expand the list of topics to be considered by the Legislature.
 - iii. We expect at least one more special session to be called in the August-September timeframe to address redistricting. Additional special sessions may also be called this year.
 - iv. We will continue to monitor legislative activity for any relevant developments. We may also use the opportunity of the special sessions to meet with staff for members of any new committees with jurisdiction over Association-related legislation.
- c) Most legislative and regulatory inquiries received during the second quarter, April 1 through June 30, 2021, were related to TWIA matters.

12. Future Meetings

December 6, 2021 – Omni Hotel –
Corpus Christi

February 21, 2022 – Hyatt Regency, Austin

May 16, 2022 – Hyatt Regency, Austin