

Meeting of the Governing Committee

Texas FAIR Plan Association

Teleconference/Web Conference**

March 22, 2021

Webinar

3:00 p.m.



Interested parties can listen to the meeting live by going to www.texasfairplan.org.

Go to “About Us/Board Meetings” and access the video conferencing website with instructions available on www.texasfairplan.org.

*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 – Reminder of the Anti-Trust Statement
 - A. Welcoming Remarks – *John Milette* 5 minutes
 - B. Reminder of Anti-Trust Statement – *John Milette or Counsel*
 - C. Meeting Format Information – *Kristina Donley*
2. Approve the Minutes from Prior Governing Committee Meetings – *John Milette** 5 minutes
3. TFPA Operational Highlights – *John Polak* 5 minutes
4. Financial 30 minutes
 - A. Report of the Secretary/Treasurer – *Wendy Mueller**
 1. Income Statement
 2. Management Discussion and Analysis
 - B. Financial Statement Review by Staff – *Jerry Fadden*
 1. Income Statement and Expense Statement
 2. Balance Sheet
 3. Cash & Short-Term Investments
 4. Cash Flow Statement
 5. Historical Data
5. Actuarial – *Jerry Fadden* 15 minutes
 - A. Reserve Adequacy
 - B. Policy Count/Exposures
 - C. Appointment of Actuary and Qualification Documentation*
6. Internal Audit – *Bruce Zaret – Weaver* 20 minutes
 - A. Internal Audit Status & Update
 - B. IT Audit – Database and Application Administration
 - C. IT Security Audit

7. Underwriting – <i>Denise Larzalere</i>	<i>10 minutes</i>
A. Operational Review Update	
8. Claims	<i>15 minutes</i>
A. Claims Operations – Overview – <i>Dave Williams</i>	
B. Claims Litigation – <i>David Durden</i>	
9. TFPA Operations	<i>20 minutes</i>
A. IT System Enhancements – <i>Camron Malik</i>	
B. Communications Update – <i>Jennifer Armstrong</i>	
10. Closed Session (Governing Committee Only)	<i>30 minutes</i>
A. Personnel Issues	
B. Legal Advice	
C. IT Security Audit	
11. Matters Deliberated in Closed Session That May Require Action, if any, of the Governing Committee*	<i>5 minutes</i>
12. Future Meetings – <i>John Polak</i>	<i>5 minutes</i>
• May 17, 2021 – Webinar	
• August 2, 2021 – Webinar	
• December 6, 2021 – Webinar	
13. Committees – <i>John Miletti</i>	<i>5 minutes</i>
14. Adjourn	
Estimated Total Length of Meeting	2 hours 50 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



December 7, 2020

The Following Governing Committee Members were Present, Representing:

- | | |
|----------------------------------------|-----------------------------------------------|
| 1. John Miletti (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. Edward J. (E. Jay) Sherlock | J.S. Edwards and Sherlock
Insurance Agency |
| 10. Corise Morrison | USAA |
| 11. Marianne Baker | Ex-Officio Non-Voting Member, TDI |

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, Director of 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 Association's Webinar Tool Attendance Report Indicates the Following Attendees were online:

1. Jeff Berg
2. Ebony Cormier
3. Tad Delk
4. Matt Diamond
5. Angela Fang
6. Beaman Floyd
7. Al Fulkerson

8. Jeff Jones
9. Xiuyu Li
10. Clarisse Lilley
11. Laura Machado
12. David Muckerheide
13. Katie Porter
14. Anna Stafford
15. Aaron Taylor
16. Rachel Wang
17. Bruce Zaret

1. Call to Order: Chairman John Milette called the meeting to order at 3:02 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.
1. Approval of the Minutes from Prior Governing Committee Meeting: The minutes from the August 3, 2020 meeting in Austin were reviewed. Ms. Neblett moved to approve the minutes. Ms. Mueller seconded the motion. The motion passed. Ms. Mueller moved to approve the August 20, 2020 meeting minutes. Mr. McCarthy seconded the motion. The motion passed.
2. TFPA Operational Highlights: The Association responded to four named storms during the 2020 hurricane season and continued to maintain low claim response times and high customer survey scores. Operating expenses remain below plan for Q3 2020. The Association is on track to complete objectives for all strategic initiatives in 2020. Underwriting and claim service levels exceeded turnaround time and quality standards. Litigated claims and complaints remain well below plan in Q3 2020.
3. Financial:
 - A. Report of the Secretary/Treasurer: Ms. Mueller reviewed the Treasurer's Report. Mr. McCarthy moved to approve the report. Ms. Neblett seconded the motion. The motion passed.
 - B. Financial Statement Review by Staff: Year to date direct written premiums through September 2020 totaled \$62.8 million, a decrease of 7.4% from the \$67.8 million for the same period in the prior year due to continued declines in policy count. Direct written premium was \$4.2 million higher than the budgeted \$58.6 million. Policies in force totaled 75,370 or 3,070 policies above the budget of 72,300.

Direct premiums earned through September 2020 were \$62.0 million or \$6.6 million (9.6%) lower than the same period in 2019 but \$2.9 million higher than the budget of \$59.1 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. The program was placed at a cost of \$28.8 million, slightly less than the 2020 budget of \$29.1 million. Totaled ceded earned premiums for the nine months ended September 30, 2020 were slightly below budget at \$21.8 million. Ceded premium is written in July of each year and earned throughout the following twelve months.

Net premium earned from January through September 2020 totaled \$40.2 million, which exceeded the budget of \$37.2 million by \$3.0 million.

Year to date direct losses and LAE totaled \$31.3 million and were based on estimated reserves as calculated by the internal actuary as of September 30, 2020. Ultimate TFPA losses and LAE attributable to Hurricane Hanna and Hurricane Laura are estimated at \$0.5 million and \$4.0 million respectively. Hurricane Delta made landfall near Creole, Louisiana on October 9, 2020 and will be included in fourth quarter operating results. Losses and LAE are above budget by \$9.6 million due primarily to spring storm activity, Hurricanes Hanna and Laura and an explosion at the Watson Grinding & Manufacturing facility in Houston on January 24, 2020. The YTD loss and LAE ratio is 50.5% compared to the budgeted loss and LAE ratio of 36.7%.

Total year to date operating expense of \$10.5 million was under budget by \$508,000. Costs incurred year to date for IT consultants were overbudget by \$543,000 but were more than offset by savings in IT personnel, hardware and software expenses which were under budget by \$731,000. Other notable expense items under budget were underwriting personnel (\$131,000), surveys and inspections (\$65,000), postage and telephone and printing and supplies in operations, which combined was under budget by \$151,000.

Commission expense and premium taxes year to date were above budget by \$346,000 or 4.7% due to higher than budgeted written premium.

Year to date gross investment income was \$122,000, which is \$284,000 below the budget of \$406,000. This trend is likely to continue given the Federal Reserve interest rate cuts in response to the economic threats associated with the Coronavirus outbreak.

TFPA’s financial results for the nine months ended September 30, 2020 reflect a net loss of \$8.6 million compared to the budgeted loss of \$2.1 million. The ending surplus as of September 30, 2020 was \$3.3 million or \$8.8 million below the surplus at December 31, 2019 of \$12.1 million. Surplus was also reduced year to date by \$318,000 due to an increase in non-admitted assets, which was primarily prepaid license fees for Guidewire software.

4. Actuarial:

- A. Reserve Adequacy: TFPA actuarial staff has completed a review of Texas FAIR Plan Association loss and loss adjustment expense reserves as of September 30, 2020.

Hurricane Hanna made landfall on July 25, 2020 at Padre Island, Texas as a Category 1 hurricane. With 96 Hanna related claims reported to the Association as of November 18, the ultimate loss and expense estimate for Hanna is around \$0.5 million. Hurricane Laura made landfall on Cameron, Louisiana on August 26 as a Category 4 hurricane. As of November 18, 2020, 312 Laura related claims were reported to the Association and the total incurred loss and expense is estimated at around \$4 million. Hurricane Delta made landfall near Creole, Louisiana on October 9, 2020 as a Category 2 hurricane. Loss and expense related to Hurricane Delta is estimated less than \$0.5 million, which is not included in the Q3 financials.

Based on this review, the “indicated” ultimate costs of Harvey is \$84.3 million, almost the same as the indicated ultimate loss and expense estimate based on the review at June 30, 2020. Due to uncertainties surrounding the adequacy of case reserves and the outcomes of disputed claims, the “selected” ultimate gross loss and expense estimate has been maintained at \$85 million.

As of September 30, 2020, TFPA carried \$25.8 million in total gross loss and loss adjustment expense reserves with \$8.8 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 law 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.

- B. Policy Count/Exposures: Policy counts are down year over year in most counties.
- C. Rate Indications: TFPA actuarial staff has updated its analysis of TFPA indicated rate needs. The analysis incorporates the most current data for loss experience and operating expenses as of December 31, 2019. Modeled catastrophe exposures as of March 31, 2020 and the cost of the 2020 reinsurance program have also been incorporated. Mr. McCarthy moved that he recommend the TFPA Governing Committee file for the full actuarial indications for all policy forms, limited to no more than a 10% change in any territory, to be effective July 1, 2021. Ms. Morrison seconded the motion. The motion passed.

5. Internal Audit:

- A. Internal Audit Status & Update: Mr. Zaret provided an update on the audit schedule. Current activities include internal audit risk assessment and updated internal audit plan, claims processing, office facilities, reinsurance audit, database

and application administration audit, financial close and reporting and legal and compliance. Upcoming audits include communications and legislative implementation and disaster recovery.

- B. Risk Assessment and Audit Plan: Mr. Zaret provided an update on the internal audit plan and risk assessment. He will provide more information on controls and break it out by area. Disaster recovery will be added to the plan for 2023.

6. Underwriting:

- A. Operational Review Update: Underwriting continues to have consistent turnaround time on all policy transactions. The goal is to issue 90% of new business submissions, endorsements, renewals and cancellations within 10 days. Staff is surpassing this standard with over 96% of all transactions processed within 10 days, this 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 scores on underwriting decisions continue to meet or exceed established goals.

Customer service telephone response time is within our established goals. Staff continues to experience increased call volume since transitioning to teleworking. Payment leniency has increased as well as general training questions from agents. Staff has increased utilization of the external call center and modified some scheduling to ensure acceptable service levels. Service observation continues as well as calibrating expectations within the entire Association. Underwriting operated under budget in the third quarter, driven by lower head count and fewer inspections.

Ten agents (100 properties/policies) were selected for review in the third quarter of 2020 to verify compliance with the declination of coverage requirement and TFPA producer requirements and performance standards. Nine agents have responded with follow up requests being sent to the one agent who hasn't responded yet. Proof of declination was received for forty four percent of the policies selected from the nine agents who have provided documentation. Staff is following up for outstanding proof of declinations. Signed applications and eligibility statements were provided for approximately 78% of the policies selected from the nine agents who have provided documentation. Staff is following up with the agents who have not provided signed applications. All ten agents have an active property and casualty insurance license and all ten agents have the required direct standard market appointments.

The CGI I/O policy administration system has been decommissioned effective September 30, 2020 with a cost savings of approximately \$110,500 per month. All active policies and claims previously administered in CGI have been migrated to the new Guidewire policy center and claims center.

7. Claims:

- A. Claims Operations: As of December 1, 2020, there were 17,998 TFPA Harvey claims. Of that, 240 claims remain open. For the 2020 hurricane season storms, Hanna, Laura and Delta combined, there were 512 TFPA claims. First notice of loss to property inspection averaged 2.8 days. Total cycle time of first notice of loss to payment was 8.8 days.
- B. Claims Litigation: For the third quarter, there were six first party and one third party TFPA claims in suit. There were 17 closed first party and four third party suits. There were 38 first party TFPA claims with letters of representation and one third party claim. For the quarter, 25 first party and two third party claims with letters of representation were closed. The Buzbee Law/Manual Solis firm hold the majority of the plaintiff suits.

8. TFPA Operations:

- A. IT Systems Enhancements: The TFPA implementation is in production support mode. All policies and data were migrated off the legacy CGI platform and the project to decommission the CGI system was successfully completed on September 30th, 2020. This resulted in a \$330,000 savings in 2020 as staff completed the effort three months ahead of the contract expiration with CGI.

The systems development/production support releases continue with their monthly cadence, delivering various defect fixes and features for the business with quality and timeliness. The infrastructure and operations team continue to support remote work with excellent quality. All technology support and projects are on track.

- B. Communications Update: Engagement with legislative offices increased in Q3 2020. While offices continue to be primarily focused on issues pertaining to the COVID-19 pandemic and related economic conditions, they have begun to increase the range of topics on which they are prepared to communicate as the 87th Legislative Session approaches. Based on discussions with multiple legislative offices, staff can confirm that the Legislative Oversight Board tasked with studying a merger between TWIA and TFPA in the interim between legislative sessions will defer their work due to the COVID-19 crisis.

Based on legislation filed so far and discussions with legislative offices, it appears likely that the legislature may consider proposals for some kind of statewide risk sharing in regard to residual windstorm insurance.

- C. Review/Approval of 2021 Budget: Mr. Polak reviewed the budget for 2021. Ms. Mueller moved to approve the budget as presented. Mr. Solomon seconded the motion. The motion passed.

9. Closed Session: There was no closed session.

10. 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.

12/7/20

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

- December 7, 2021 – Webinar
- February 2021 – TBD
- May 2021 – TBD

12. Committees: There was nothing to report.

13. Adjourn: There being no further business the meeting adjourned at 4:31 pm.

Prepared by: Amy Koehl
Executive Assistant

Approved by: John Milette
TFPA Chairman

3. TFPA Operational Highlights

2020 TFPA Enterprise Scorecard

Reporting YTD as of December 31, 2020



	YTD	Trend	Goal	Δ	Performance
Operating Expense Ratio	16.0%		18.5%	-2.5%	
Net Gain from Operations	-\$5.8 M		-\$1.9 M	-\$3.9 M	
Enterprise Projects	78%		90%	-13%	
Policy Administration	98%		90%	8%	
Claims Handling	97%		90%	7%	
Litigated Claims	0.16%		1.00%	-0.84%	
Complaints	12		57	-45	

Reference Data

Policies In-Force	73,713
Exposures In-Force	\$12.6 billion
Written Premiums YTD	\$79.5 million
Claims Received YTD	5,645
Losses Incurred YTD ¹	\$28.2 million

¹ Excludes IBNR

Key Quarterly Activities

- Remain below plan for Q4 2020 operating expenses.
- Exceeded turnaround time and quality standards on Underwriting and Claim service levels.
- Remain well below plan on litigated claims and complaints in Q4 2020.

4. Financial

4A. Report of the Secretary/Treasurer

4A1. Income Statement

TEXAS FAIR PLAN ASSOCIATION
Statutory Income Statement - Treasurer's Report
for the twelve months ended December 31,
(000's omitted)

	2020	2019
Direct Premiums Written	\$ 79,477	\$ 85,327
Premiums Earned:		
Direct Premiums Earned	\$ 82,159	\$ 90,423
Ceded Reinsurance Premiums	(29,067)	(30,798)
Net Premiums Earned	53,092	59,625
Deductions:		
Direct Losses and LAE Incurred	36,620	38,241
Direct Losses and LAE Incurred - Harvey	-	-
Ceded Losses and LAE Incurred - Harvey	-	-
Operating Expenses	13,244	15,574
Commission Expense	8,373	8,843
Ceding commissions / brokerage	(696)	(710)
Premium / Maintenance Tax	1,478	1,604
Total Deductions	59,018	63,551
Net Underwriting Gain or (Loss)	(5,926)	(3,926)
Other Income or (Expense):		
Investment Income	123	859
Investment Expenses (Line of Credit Commitment Fee)	(151)	(122)
Interest Expense on Line of Credit Advance	-	-
Sales Tax Refund and Other Income (Expense)	-	-
Member Assessment Income	-	-
Charge off's /Write off	(140)	(127)
Billing Fees	162	397
Total Other Income or (Expense)	(7)	1,007
Net Income (Loss)	\$ (5,933)	\$ (2,919)
Surplus (Deficit) Account:		
Beginning Surplus (Deficit)	12,133	15,088
Net Income (Loss)	(5,933)	(2,919)
Change in Provision for Reinsurance	(238)	(49)
Change in nonadmitted assets	43	13
Other	-	-
Ending Surplus (Deficit)	\$ 6,006	\$ 12,133

4A2. Management Discussion and Analysis

Texas FAIR Plan Association
Management's Discussion and Analysis of Financial Results for the
Twelve Months Ended December 31, 2020

Direct Written Premium:

- Direct written premiums for the year ended December 31, 2020 totaled \$79.5 million, a decrease of \$5.9 million or 6.9% from the \$85.3 million for the same period in the prior year due to continued declines in policy count.
- Direct Written Premium was \$5.9 million higher than the budgeted \$73.6 million. Policies in force totaled 73,713 or 4,113 policies above the budget of 69,600. At year end 2019 policies in force totaled 80,923.

Direct Premiums Earned:

- Direct premiums earned in 2020 were \$82.2 million or \$8.3 million (9.1%) lower than the same period in 2019 but \$4.4 million higher than the budget of \$77.8 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. The program was placed at a cost of \$28.9 million which was 0.7% lower than the 2020 budget of \$29.1 million.
- Total ceded earned premiums for the twelve months ended December 31, 2020 totaled \$29.1 million which was slightly below budget by \$77,000. Ceded premium is written in July of each year and earned throughout the following twelve-month period.

Net Premiums Earned

- Net premium earned from January through December 2020 totaled \$53.1 million which exceeded the budget of \$48.6 million by \$4.5 million.

Loss and Loss Adjustment Expense Incurred:

- Year-to-date Direct losses and LAE totaled \$36.6 million and include estimated reserves as calculated by our internal actuary as of December 31, 2020. Ultimate losses and LAE attributable to Hurricane Laura were estimated at \$4.0 million and \$760,000 for Hurricanes Hanna and Delta combined.
- Incurred losses and LAE are above budget by \$9.0 million due primarily to higher than anticipated losses from spring storm activity, Hurricane Laura and an explosion at a manufacturing facility in Houston on January 24, 2020.
- The YTD loss & LAE ratio is 44.6% compared to the budgeted loss & LAE ratio of 35.6%.

Operating Expenses:

- Total 2020 Operating expense of \$13.2 million was under budget by \$1.1 million.
- Costs incurred year-to-date for IT consultants were overbudget by \$497,000 but were more than offset by savings in IT employee and contractor expense and Hardware and Software expenses which were under budget by a combined \$961,000.

- Other notable expense items under budget were Underwriting Personnel (\$216,000), Recruiting & Training (\$126,000), Postage & Telephone (\$126,000) and Surveys & Inspections (\$100,000).

Commissions and Premium Taxes:

- Commission expense and premium taxes year-to-date were above budget by \$531,000 or 5.7% due to higher than budgeted written premium.

Other Income (Expense):

- Year-to-date gross investment income was \$123,000 which is \$402,000 below the budget of \$525,000. This shortfall was due to Federal Reserve interest rate cuts in response to the economic threats associated with the Coronavirus outbreak.

Net Loss:

- TFPA's financial results for the twelve months ended December 31, 2020 reflect a net loss of \$5.9 million compared to the budgeted loss of \$1.9 million.

Surplus:

- The ending surplus as of December 31, 2020 was \$6.0 million, or \$6.1 million below the surplus at December 31, 2019 of \$12.1 million.
- Surplus was reduced by \$238,000 in 2020 due to an increase in the provision for reinsurance which was slightly offset by a decline in non-admitted assets of \$43,000 related to prepaid assets and receivables.

4B. Financial Statement Review by Staff

4B1. Income Statement & Expense Statement

TEXAS FAIR PLAN ASSOCIATION				
Statutory Income Statement (000's omitted)				
for the twelve months ended December 31,				
	Actuals - 2020	Budget - 2020	Variance - 2020	Actuals - 2019
Premiums Written:				
Direct	\$ 79,477	\$ 73,554	\$ 5,923	\$ 85,327
Ceded	(28,929)	(29,144)	215	(29,205)
Net	50,548	44,410	6,138	56,122
Premiums Earned:				
Direct	\$ 82,159	\$ 77,754	\$ 4,405	\$ 90,423
Ceded	(29,067)	(29,144)	77	(30,798)
Net	53,092	48,610	4,482	59,625
Deductions:				
Direct Losses and LAE Incurred	36,620	27,657	8,963	38,241
Direct Losses and LAE Incurred - Harvey	-	-	-	-
Ceded Losses and LAE Incurred - Harvey	-	-	-	-
Operating Expenses	13,244	14,348	(1,104)	15,574
Commission Expense	8,373	7,870	503	8,843
Ceding commissions / brokerage	(696)	(707)	11	(710)
Premium / Maintenance Tax	1,478	1,449	29	1,604
Total Deductions	59,018	50,617	8,401	63,551
Net Underwriting Gain or (Loss)	(5,926)	(2,007)	(3,919)	(3,926)
Other Income or (Expense):				
Investment Income	123	525	(402)	859
Investment Expenses (Line of Credit Commitment Fee)	(151)	(120)	(31)	(122)
Interest Expense on Line of Credit Advance	-	-	-	-
Sales Tax Refund and Other Income (Expense)	-	-	-	-
Member Assessment Income	-	-	-	-
Charge offs /Write offs	(140)	(514)	374	(127)
Billing Fees	162	221	(59)	397
Total Other Income or (Expense)	(7)	112	(118)	1,007
Net Income (Loss)	\$ (5,933)	\$ (1,895)	\$ (4,038)	\$ (2,919)
Surplus (Deficit) Account:				
Beginning Surplus (Deficit)	12,133	12,133	-	15,088
Net Income (Loss)	(5,933)	(1,895)	(4,038)	(2,919)
Change in Provision for Reinsurance	(238)	-	(238)	(49)
Change in nonadmitted assets	43	-	43	13
Other	-	-	-	-
Ending Surplus (Deficit)	\$ 6,006	\$ 10,238	\$ (4,233)	\$ 12,133
Key Operating Ratios:				
Direct:				
Loss & LAE Ratio:				
Non Hurricane	44.6%	35.6%	9.0%	42.3%
Hurricane Harvey	0.0%	0.0%	0.0%	0.0%
Loss & LAE Ratio	44.6%	35.6%	9.0%	42.3%
UW Expense Ratio:				
Acquisition	12.4%	12.7%	(0.3%)	12.2%
Non Acquisition	16.1%	18.5%	(2.3%)	17.2%
UW Expense Ratio	28.5%	31.1%	(2.6%)	29.5%
Combined Ratio	73.1%	66.7%	6.4%	71.8%
Net:				
Loss & LAE Ratio:				
Non Hurricane	69.0%	56.9%	12.1%	64.1%
Hurricane Harvey	0.0%	0.0%	0.0%	0.0%
Loss & LAE Ratio	69.0%	56.9%	12.1%	64.1%
UW Expense Ratio:				
Acquisition	17.6%	18.7%	(1.1%)	17.0%
Non Acquisition	24.9%	29.5%	(4.6%)	26.1%
UW Expense Ratio	42.5%	48.2%	(5.7%)	43.1%
Combined Ratio	111.5%	105.1%	6.4%	107.3%

1	TEXAS FAIR PLAN ASSOCIATION				1
2	Statutory Expense Report (000's omitted)				2
3	for the twelve months ended December 31,				3
4					4
5	Description	Actuals - 2020	Budget - 2020	Variance - 2020	Actuals - 2019
6	Personnel Expenses				
7	Salaries & Wages - Permanent	\$ 6,044	\$ 6,667	\$ (624)	\$ 6,146
8	Contractor & Temporary Help	2,173	2,645	(472)	2,428
9	Payroll Taxes	433	518	(85)	442
10	Employee Benefits	2,367	2,440	(73)	2,211
11	Recruiting, Training & Other	49	185	(136)	123
12	Subtotal	11,065	12,455	(1,390)	11,350
13					
14	Professional & Consulting Services				
15	Legal	118	156	(37)	162
16	Accounting & Auditing	64	77	(13)	91
17	Information Technology	1,992	1,928	63	2,699
18	Actuarial Services	26	19	7	20
19	Surveys & Inspections	484	584	(100)	670
20	Disaster Recovery Services	136	75	61	56
21	Other Services (1)	1,156	1,161	(5)	1,241
22	Subtotal	3,976	4,000	(24)	4,939
23					
24	Hardware/Software Purchases & Licensing	1,304	1,415	(111)	1,305
25	Rental & Maintenance - Office/Equipment	679	710	(31)	685
26	Travel Expenses	10	95	(84)	64
27	Postage, Telephone and Express	349	537	(188)	412
28	Capital Management Expenses	151	122	29	122
29	Other Operating Expenses	477	541	(64)	509
30	Total Operating Expenses	\$ 18,010	\$ 19,874	\$ (1,864)	\$ 19,387
31					
32	Capitalization of Fixed Assets	-	-	-	-
33	Allocation To ULAE	(4,616)	(5,405)	789	(3,691)
34	Allocation To Investing & Other Expense	(151)	(122)	(29)	(122)
35	Net Operating Expense - UW Operations	\$ 13,244	\$ 14,348	\$ (1,104)	\$ 15,574
36					

(1) Other Services	Amount	Department
Call Center Expenses	466	Claims & Underwriting
Insurance Services Office Inc. fees	182	Claims & Underwriting
Xactware	111	Claims
Eagleview Technologies	102	Claims
Marshall & Swift/Boeckh	79	Underwriting
ADP	33	Human Resources
Scan Mailboxes Solutions LLC	26	Operations
Lexis Nexis - Risk Solutions	31	Legal & Compliance
Other Vendors (less than \$20K)	126	Various departments
Total Other Services	1,156	

4B2. Balance Sheet

1	TEXAS FAIR PLAN ASSOCIATION			1
2	Statutory Balance Sheet (000's omitted)			2
3				3
4				4
5		<u>December-20</u>	<u>December-19</u>	5
6	Admitted Assets			6
7	Cash and short term investments	\$ 57,717	\$ 66,137	7
8	Premiums receivable	6,631	6,825	8
9	Assessment receivable	-	-	9
10	Amounts recoverable from reinsurers	1,506	1,149	10
11	Other assets	0	27	11
12	Total admitted assets	<u>\$ 65,855</u>	<u>\$ 74,138</u>	12
13				13
14	Liabilities, Surplus and other funds			14
15	Liabilities:			15
16	Loss and Loss adjustment expenses	\$ 15,458	\$ 14,962	16
17	Underwriting expenses payable	1,929	2,142	17
18	Unearned premiums, net of ceded unearned premiums	24,801	27,345	18
19	Ceded reinsurance premiums payable	14,104	14,276	19
20	Principal outstanding on line of credit advance	-	-	20
21	Interest payable on line of credit advance	-	-	21
22	Provision for reinsurance	333	95	22
23	Other payables	3,224	3,184	23
24	Total liabilities	<u>59,849</u>	<u>62,004</u>	24
25				25
26	Surplus and others funds			26
27	Unassigned Surplus (Deficit)	6,006	12,133	27
28	Total liabilities, surplus and other funds	<u>\$ 65,855</u>	<u>\$ 74,138</u>	28
29				29

4B3. Cash & Short-Term Investments

TEXAS FAIR PLAN ASSOCIATION
Cash and Short Term Investments (\$ in 000's)
December 31, 2020

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 TFFPA'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 12/31/2020:											
Bank of America	\$ 11,869	\$ -	\$ 11,869	\$ -	\$ -	0.00%	21%	Superior	13.5%	\$197	No
Citibank	209	9,219	9,428	9,267	0	0.01%	16%	Superior	13.9%	\$140	No
JPMorgan Chase	19,071	-	19,071				33%	Superior	15.6%	\$226	No
JP Morgan U.S. Treasury Plus Money Market Fund (1)	-	17,349	17,349	15,105	1	0.02%	30%	N/A	N/A	N/A	N/A
Wells Fargo	-	-	-				0%	Superior	13.7%	\$149	No
Total of all financial institutions	\$ 31,149	\$ 26,569	\$ 57,717	\$ 24,372	\$ 1	0.01%	100%				
Balances as of 9/30/2020:											
Bank of America	\$ 4,521	\$ -	\$ 4,521	\$ -	\$ 2	0.00%	8%	Superior	12.3%	\$192	No
Citibank	9	9,419	9,428	13,201	2	0.05%	17%	Superior	12.9%	\$137	No
JPMorgan Chase	20,018	-	20,018				36%	Superior	13.4%	\$205	No
JP Morgan U.S. Treasury Plus Money Market Fund (1)	-	21,849	21,849	16,576	2	0.04%	39%	N/A	N/A	N/A	N/A
Wells Fargo	-	-	-				0%	Superior	12.6%	\$147	No
Total of all financial institutions	\$ 24,548	\$ 31,268	\$ 55,815	\$ 29,777	\$ 5	0.07%	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 September 30, 2020. Rates, ratios and regulatory capital are comparable and consistent with year end National Association (N.A.) results.

4B4. Cash Flow Statement

1	TEXAS FAIR PLAN ASSOCIATION	1
2	Statement of Cash Flows (000's omitted)	2
3	for the twelve months ended December 31,	3
4		4
5	Actuals - 2020 Budget - 2020 Variance - 2020	5
6		6
7	Cash flows from operating activities:	7
8	Premiums collected, net of reinsurance \$ 50,427 \$ 45,292 \$ 5,135	8
9	Losses and loss adjustment expense paid (36,482) (33,365) (3,117)	9
10	Underwriting expenses paid (22,420) (20,569) (1,852)	10
11	Member assessment - - -	11
12	Other 42 (293) 335	12
13	Net cash provided by operating activities (8,433) (8,935) 502	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 13 405 (392)	19
20	Net cash provided by investing activities 13 405 (392)	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 (8,420) (8,530) 110	26
27	Cash and short-term investments, Beginning 66,137 66,137 -	27
28	Cash and short-term investments, Ending \$ 57,717 \$ 57,607 \$ 110	28
29		29

4B5. Historical Data

TEXAS FAIR PLAN ASSOCIATION
HISTORICAL DATA
2003 - 2020
(\$ 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%	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	15%	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% (b)	122,486	78,008	84,401	78,008	26,419	(20,026)		(15,203)
2017	18,029,369	110,989	5% (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		79,477	36,620	53,092	36,620	22,398	(5,926)		6,006
TOTAL				\$ 1,644,941	\$ 1,062,015	\$ 1,112,978	\$ 758,213	\$ 405,948	\$ (51,183)	\$ 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.

*2020 data through 12/31/2020

5. Actuarial

5A. Reserve Adequacy



TEXAS FAIR PLAN
ASSOCIATION

Xiuyu Li, ACAS, MAAA
Senior Actuary

MEMORANDUM

REVIEW DATE: January 27, 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 December 31, 2020.

Hurricane Hanna made landfall on July 25, 2020 at Padre Island, Texas as a Category 1 hurricane. With 96 Hanna related claims reported to the Association as of January 27, 2021 the ultimate loss and expense estimate for Hanna is around \$0.5 million. Hurricane Laura made landfall on Cameron, Louisiana on August 26, 2020 as a Category 4 hurricane. As of January 27, 2021, 322 Laura related claims were reported to the Association and the total incurred loss and expense is estimated at around \$4 million. Hurricane Delta made landfall near Creole, Louisiana on October 9, 2020 as a Category 2 hurricane. As of January 26, 2021, 74 Delta related claims were reported to the Association and Loss & Expense estimate related to Hurricane Delta is around \$0.3 million.

Based on this review, the “indicated” ultimate costs of Hurricane Harvey is \$84.5 million, close to the indicated ultimate loss and expense estimate based on the review as of September 30, 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 December 31, 2020, TFPA carried \$23.0 million in total gross loss and loss adjustment expense reserves with \$7.6 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 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

5B. Policy Counts/Exposures

Texas FAIR Plan Association
Liability Report
As of 12/31/20
All Forms Combined



County	Policies In-Force		PIF Growth		Exposure In-Force		Exposure Growth		YTD Written Premium		Premium Growth	
	12/31/19	12/31/20	Actual	Percentage	12/31/19	12/31/20	Actual	Percentage	12/31/19	12/31/20	Actual	Percentage
Harris	52,570	47,183	(5,387)	(10.25%)	7,932,625,915	7,274,304,755	(658,321,160)	(8.30%)	61,407,913	56,654,005	(4,753,908)	(7.74%)
Galveston	4,552	4,438	(114)	(2.50%)	1,096,345,843	1,123,317,363	26,971,519	2.46%	1,911,418	1,947,708	36,290	1.90%
Brazoria	1,873	1,809	(64)	(3.42%)	451,288,756	459,681,611	8,392,855	1.86%	868,414	881,308	12,894	1.48%
Fort Bend	5,555	5,076	(479)	(8.62%)	997,340,270	927,697,166	(69,643,104)	(6.98%)	6,468,419	6,089,673	(378,746)	(5.86%)
Dallas	2,816	2,472	(344)	(12.22%)	471,696,517	426,233,783	(45,462,734)	(9.64%)	3,032,973	2,753,786	(279,187)	(9.21%)
Tarrant	2,127	1,851	(276)	(12.98%)	350,236,531	313,256,184	(36,980,347)	(10.56%)	2,476,872	2,226,682	(250,190)	(10.10%)
El Paso	1,063	1,155	92	8.65%	233,236,589	261,094,315	27,857,726	11.94%	702,487	796,635	94,148	13.40%
Jefferson	1,230	1,100	(130)	(10.57%)	277,875,590	251,006,010	(26,869,580)	(9.67%)	541,545	510,685	(30,860)	(5.70%)
Nueces	1,387	1,315	(72)	(5.19%)	266,694,778	254,869,900	(11,824,878)	(4.43%)	734,939	722,658	(12,281)	(1.67%)
Montgomery	857	822	(35)	(4.08%)	142,453,174	145,433,785	2,980,611	2.09%	783,123	798,394	15,272	1.95%
Bexar	770	672	(98)	(12.73%)	120,370,366	115,240,742	(5,129,624)	(4.26%)	674,165	643,231	(30,934)	(4.59%)
Calhoun	399	403	4	1.00%	93,959,455	95,432,875	1,473,420	1.57%	193,169	197,240	4,071	2.11%
Cameron	470	443	(27)	(5.74%)	77,551,388	74,173,100	(3,378,288)	(4.36%)	181,850	170,317	(11,533)	(6.34%)
Orange	394	390	(4)	(1.02%)	60,589,145	64,761,443	4,172,298	6.89%	542,631	588,735	46,104	8.50%
Matagorda	225	236	11	4.89%	49,035,010	52,189,680	3,154,670	6.43%	127,785	142,122	14,338	11.22%
Chambers	248	241	(7)	(2.82%)	66,979,630	66,745,548	(234,082)	(0.35%)	141,735	141,686	(49)	(0.03%)
Travis	319	305	(14)	(4.39%)	57,815,213	58,524,158	708,945	1.23%	254,363	247,499	(6,865)	(2.70%)
Aransas	185	192	7	3.78%	45,637,100	43,244,860	(2,392,240)	(5.24%)	93,258	91,949	(1,310)	(1.40%)
San Patricio	169	152	(17)	(10.06%)	38,879,426	35,633,477	(3,245,950)	(8.35%)	81,071	76,656	(4,415)	(5.45%)
Liberty	201	218	17	8.46%	24,127,810	23,906,460	(221,350)	(0.92%)	284,013	277,542	(6,471)	(2.28%)
Hidalgo	298	242	(56)	(18.79%)	32,586,995	26,581,201	(6,005,794)	(18.43%)	247,271	226,819	(20,451)	(8.27%)
Denton	156	129	(27)	(17.31%)	33,963,960	28,719,378	(5,244,582)	(15.44%)	198,885	162,574	(36,311)	(18.26%)
Johnson	102	90	(12)	(11.76%)	16,942,520	15,357,690	(1,584,830)	(9.35%)	124,126	115,425	(8,701)	(7.01%)
Polk	78	79	1	1.28%	11,466,560	13,740,060	2,273,500	19.83%	81,579	103,999	22,420	27.48%
Collin	220	187	(33)	(15.00%)	46,260,370	38,518,250	(7,742,120)	(16.74%)	253,704	221,749	(31,955)	(12.60%)
Top 25 Counties	78,264	71,200	(7,064)	(9.03%)	12,995,958,912	12,189,663,793	(806,295,118)	(6.20%)	82,407,709	76,789,078	(5,618,630)	(6.82%)
All Other Counties	2,659	2,513	(146)	(5.49%)	445,564,702	428,627,322	(16,937,380)	(3.80%)	2,960,071	2,952,862	(7,209)	(0.24%)
Tier 1	10,859	10,433	(426)	(3.92%)	2,492,598,467	2,480,910,833	(11,687,633)	(0.47%)	4,944,139	4,945,119	980	0.02%
Tier 2	59,327	53,435	(5,892)	(9.93%)	9,091,525,305	8,366,890,965	(724,634,340)	(7.97%)	69,393,783	64,322,884	(5,070,899)	(7.31%)
All Other Counties	10,737	9,845	(892)	(8.31%)	1,857,399,842	1,770,489,317	(86,910,525)	(4.68%)	11,029,857	10,473,937	(555,920)	(5.04%)
Statewide Total	80,923	73,713	(7,210)	(8.91%)	13,441,523,613	12,618,291,115	(823,232,498)	(6.12%)	85,367,779	79,741,940	(5,625,839)	(6.59%)

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 12/31/20
HO-A Policies



County	Policies In-Force		PIF Growth		Exposure In-Force		Exposure Growth		YTD Written Premium		Premium Growth	
	12/31/19	12/31/20	Actual	Percentage	12/31/19	12/31/20	Actual	Percentage	12/31/19	12/31/20	Actual	Percentage
Harris	18,658	16,050	(2,608)	(13.98%)	4,398,556,279	3,930,767,090	(467,789,189)	(10.64%)	35,431,158	31,874,203	(3,556,955)	(10.04%)
Galveston	3,138	3,140	2	0.06%	983,303,941	1,017,254,128	33,950,186	3.45%	1,494,844	1,568,062	73,218	4.90%
Brazoria	1,364	1,351	(13)	(0.95%)	393,952,100	407,219,740	13,267,640	3.37%	693,382	723,095	29,713	4.29%
Fort Bend	1,424	1,277	(147)	(10.32%)	391,427,270	357,018,680	(34,408,590)	(8.79%)	2,755,314	2,537,555	(217,759)	(7.90%)
Dallas	1,345	1,148	(197)	(14.65%)	331,066,190	290,894,040	(40,172,150)	(12.13%)	2,235,637	1,998,003	(237,634)	(10.63%)
Tarrant	1,147	984	(163)	(14.21%)	255,251,041	225,013,100	(30,237,941)	(11.85%)	1,823,292	1,613,945	(209,346)	(11.48%)
El Paso	879	960	81	9.22%	214,383,350	240,408,030	26,024,680	12.14%	626,967	709,298	82,331	13.13%
Jefferson	940	826	(114)	(12.13%)	254,660,610	227,929,680	(26,730,930)	(10.50%)	452,061	422,001	(30,061)	(6.65%)
Nueces	756	720	(36)	(4.76%)	215,988,770	205,972,980	(10,015,790)	(4.64%)	547,727	541,498	(6,229)	(1.14%)
Montgomery	439	441	2	0.46%	100,031,859	106,171,750	6,139,891	6.14%	550,343	580,379	30,036	5.46%
Bexar	455	419	(36)	(7.91%)	96,562,900	95,111,530	(1,451,370)	(1.50%)	520,062	509,155	(10,906)	(2.10%)
Calhoun	336	333	(3)	(0.89%)	89,243,560	89,974,680	731,120	0.82%	173,989	176,667	2,678	1.54%
Cameron	284	257	(27)	(9.51%)	61,982,770	58,463,960	(3,518,810)	(5.68%)	123,670	114,544	(9,125)	(7.38%)
Orange	234	240	6	2.56%	48,212,980	52,768,418	4,555,438	9.45%	428,411	477,139	48,728	11.37%
Matagorda	197	208	11	5.58%	46,872,960	50,103,330	3,230,370	6.89%	113,506	125,755	12,249	10.79%
Chambers	203	198	(5)	(2.46%)	62,478,580	61,995,460	(483,120)	(0.77%)	118,365	118,891	526	0.44%
Travis	172	168	(4)	(2.33%)	44,731,285	45,186,110	454,825	1.02%	182,141	178,622	(3,520)	(1.93%)
Aransas	150	159	9	6.00%	42,995,900	40,610,440	(2,385,460)	(5.55%)	83,196	79,330	(3,866)	(4.65%)
San Patricio	126	120	(6)	(4.76%)	35,499,926	32,955,627	(2,544,300)	(7.17%)	65,183	64,070	(1,112)	(1.71%)
Liberty	113	113	0	0.00%	17,397,760	16,159,990	(1,237,770)	(7.11%)	205,089	190,515	(14,574)	(7.11%)
Hidalgo	84	80	(4)	(4.76%)	11,170,495	10,114,901	(1,055,594)	(9.45%)	90,933	94,776	3,843	4.23%
Denton	95	73	(22)	(23.16%)	27,442,170	22,114,400	(5,327,770)	(19.41%)	161,751	125,014	(36,737)	(22.71%)
Johnson	65	57	(8)	(12.31%)	14,121,760	12,748,070	(1,373,690)	(9.73%)	103,060	94,595	(8,465)	(8.21%)
Polk	54	55	1	1.85%	9,760,160	11,908,960	2,148,800	22.02%	65,677	87,810	22,133	33.70%
Collin	74	53	(21)	(28.38%)	25,149,160	18,010,900	(7,138,260)	(28.38%)	144,766	109,061	(35,705)	(24.66%)
Top 25 Counties	32,732	29,430	(3,302)	(10.09%)	8,172,243,777	7,626,875,993	(545,367,783)	(6.67%)	49,190,524	45,113,983	(4,076,540)	(8.29%)
All Other Counties	1,521	1,435	(86)	(5.65%)	350,578,573	334,110,290	(16,468,283)	(4.70%)	2,254,516	2,215,212	(39,304)	(1.74%)
Tier 1	7,586	7,391	(195)	(2.57%)	2,213,181,108	2,215,314,334	2,133,227	0.10%	3,920,858	3,984,750	63,892	1.63%
Tier 2	20,679	17,936	(2,743)	(13.26%)	4,901,069,404	4,404,889,639	(496,179,765)	(10.12%)	39,256,927	35,542,842	(3,714,085)	(9.46%)
All Other Counties	5,988	5,538	(450)	(7.52%)	1,408,571,838	1,340,782,310	(67,789,528)	(4.81%)	8,267,254	7,801,603	(465,651)	(5.63%)
Statewide Total	34,253	30,865	(3,388)	(9.89%)	8,522,822,349	7,960,986,283	(561,836,066)	(6.59%)	51,445,040	47,329,195	(4,115,844)	(8.00%)

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



County	Policies In-Force		PIF Growth		Exposure In-Force		Exposure Growth		YTD Written Premium		Premium Growth	
	12/31/19	12/31/20	Actual	Percentage	12/31/19	12/31/20	Actual	Percentage	12/31/19	12/31/20	Actual	Percentage
Harris	29,723	27,341	(2,382)	(8.01%)	3,322,108,061	3,148,139,265	(173,968,796)	(5.24%)	24,655,754	23,568,606	(1,087,148)	(4.41%)
Galveston	769	685	(84)	(10.92%)	81,365,560	75,294,275	(6,071,285)	(7.46%)	292,790	262,483	(30,307)	(10.35%)
Brazoria	420	378	(42)	(10.00%)	53,633,216	49,130,431	(4,502,785)	(8.40%)	158,380	144,780	(13,599)	(8.59%)
Fort Bend	3,934	3,621	(313)	(7.96%)	597,085,920	561,948,606	(35,137,314)	(5.88%)	3,665,477	3,505,525	(159,952)	(4.36%)
Dallas	1,270	1,162	(108)	(8.50%)	131,492,447	127,700,423	(3,792,024)	(2.88%)	748,371	717,601	(30,770)	(4.11%)
Tarrant	909	809	(100)	(11.00%)	92,832,690	86,177,164	(6,655,526)	(7.17%)	640,803	601,191	(39,612)	(6.18%)
El Paso	180	187	7	3.89%	18,722,439	20,349,685	1,627,246	8.69%	74,796	86,206	11,410	15.26%
Jefferson	254	236	(18)	(7.09%)	21,607,460	21,539,610	(67,850)	(0.31%)	83,686	83,556	(130)	(0.16%)
Nueces	352	349	(3)	(0.85%)	33,140,768	32,032,960	(1,107,808)	(3.34%)	114,906	112,664	(2,242)	(1.95%)
Montgomery	351	326	(25)	(7.12%)	39,493,915	36,585,555	(2,908,360)	(7.36%)	215,915	203,031	(12,884)	(5.97%)
Bexar	247	206	(41)	(16.60%)	21,031,866	17,888,812	(3,143,054)	(14.94%)	135,100	119,113	(15,987)	(11.83%)
Calhoun	52	59	7	13.46%	4,243,095	4,973,395	730,300	17.21%	17,070	18,409	1,339	7.84%
Cameron	102	87	(15)	(14.71%)	9,224,218	8,020,260	(1,203,958)	(13.05%)	36,777	29,879	(6,898)	(18.76%)
Orange	143	137	(6)	(4.20%)	11,849,725	11,639,025	(210,700)	(1.78%)	111,163	108,901	(2,261)	(2.03%)
Matagorda	26	26	0	0.00%	2,118,850	2,043,150	(75,700)	(3.57%)	13,949	16,138	2,189	15.69%
Chambers	42	38	(4)	(9.52%)	4,423,050	4,632,248	209,198	4.73%	23,084	21,922	(1,161)	(5.03%)
Travis	73	76	3	4.11%	9,248,128	9,960,528	712,400	7.70%	51,274	51,803	528	1.03%
Aransas	14	14	0	0.00%	1,335,000	1,275,300	(59,700)	(4.47%)	4,346	6,618	2,271	52.26%
San Patricio	40	30	(10)	(25.00%)	3,253,500	2,569,850	(683,650)	(21.01%)	15,342	12,123	(3,219)	(20.98%)
Liberty	87	102	15	17.24%	6,676,050	7,668,470	992,420	14.87%	78,663	86,526	7,863	10.00%
Hidalgo	210	159	(51)	(24.29%)	21,290,500	16,376,300	(4,914,200)	(23.08%)	155,430	131,323	(24,108)	(15.51%)
Denton	57	53	(4)	(7.02%)	6,209,790	6,514,978	305,188	4.91%	36,095	37,521	1,425	3.95%
Johnson	35	31	(4)	(11.43%)	2,772,760	2,497,180	(275,580)	(9.94%)	20,538	20,411	(127)	(0.62%)
Polk	22	22	0	0.00%	1,646,400	1,747,100	100,700	6.12%	15,582	15,822	240	1.54%
Collin	115	106	(9)	(7.83%)	19,543,050	19,309,750	(233,300)	(1.19%)	102,051	107,915	5,864	5.75%
Top 25 Counties	39,427	36,240	(3,187)	(8.08%)	4,516,348,458	4,276,014,320	(240,334,138)	(5.32%)	31,467,343	30,070,066	(1,397,277)	(4.44%)
All Other Counties	952	934	(18)	(1.89%)	85,027,449	87,041,752	2,014,303	2.37%	657,310	701,657	44,347	6.75%
Tier 1	2,097	1,926	(171)	(8.15%)	216,338,217	203,275,579	(13,062,638)	(6.04%)	773,632	720,799	(52,834)	(6.83%)
Tier 2	34,229	31,500	(2,729)	(7.97%)	3,968,618,806	3,757,015,046	(211,603,760)	(5.33%)	28,762,010	27,515,922	(1,246,089)	(4.33%)
All Other Counties	4,053	3,748	(305)	(7.53%)	416,418,884	402,765,447	(13,653,437)	(3.28%)	2,589,010	2,535,003	(54,007)	(2.09%)
Statewide Total	40,379	37,174	(3,205)	(7.94%)	4,601,375,907	4,363,056,072	(238,319,835)	(5.18%)	32,124,653	30,771,723	(1,352,930)	(4.21%)

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 12/31/20
HO-CONB Policies



County	Policies In-Force		PIF Growth		Exposure In-Force		Exposure Growth		YTD Written Premium		Premium Growth	
	12/31/19	12/31/20	Actual	Percentage	12/31/19	12/31/20	Actual	Percentage	12/31/19	12/31/20	Actual	Percentage
Harris	2,575	2,460	(115)	(4.47%)	175,549,855	165,572,040	(9,977,815)	(5.68%)	1,027,878	998,363	(29,515)	(2.87%)
Galveston	286	256	(30)	(10.49%)	20,349,302	19,292,880	(1,056,422)	(5.19%)	70,728	68,504	(2,225)	(3.15%)
Brazoria	16	15	(1)	(6.25%)	1,338,000	1,074,000	(264,000)	(19.73%)	4,490	4,155	(335)	(7.47%)
Fort Bend	94	89	(5)	(5.32%)	6,687,480	6,243,480	(444,000)	(6.64%)	32,524	32,104	(421)	(1.29%)
Dallas	135	116	(19)	(14.07%)	7,424,520	6,272,520	(1,152,000)	(15.52%)	37,549	31,245	(6,303)	(16.79%)
Tarrant	6	5	(1)	(16.67%)	468,000	497,520	29,520	6.31%	1,947	2,746	799	41.03%
El Paso	3	3	0	0.00%	28,800	28,800	0	0.00%	315	315	(0)	(0.04%)
Jefferson	13	10	(3)	(23.08%)	818,400	500,400	(318,000)	(38.86%)	2,648	1,441	(1,207)	(45.57%)
Nueces	248	221	(27)	(10.89%)	16,569,840	16,020,960	(548,880)	(3.31%)	67,908	64,798	(3,110)	(4.58%)
Montgomery	23	21	(2)	(8.70%)	1,756,200	1,582,080	(174,120)	(9.91%)	9,568	8,920	(648)	(6.78%)
Bexar	35	28	(7)	(20.00%)	2,186,400	1,710,000	(476,400)	(21.79%)	14,247	11,341	(2,906)	(20.40%)
Calhoun	2	5	3	150.00%	186,000	372,000	186,000	100.00%	859	1,611	752	87.54%
Cameron	75	95	20	26.67%	5,896,800	7,520,880	1,624,080	27.54%	19,526	25,278	5,752	29.46%
Orange	0	0	0	N/A	0	0	0	N/A	0	0	0	N/A
Matagorda	1	1	0	0.00%	30,000	30,000	0	0.00%	130	130	0	0.00%
Chambers	0	0	0	N/A	0	0	0	N/A	0	0	0	N/A
Travis	41	37	(4)	(9.76%)	3,061,200	2,813,520	(247,680)	(8.09%)	16,337	13,963	(2,374)	(14.53%)
Aransas	17	16	(1)	(5.88%)	1,174,200	1,244,760	70,560	6.01%	5,118	5,488	369	7.21%
San Patricio	2	1	(1)	(50.00%)	114,000	78,000	(36,000)	(31.58%)	446	309	(137)	(30.77%)
Liberty	0	0	0	N/A	0	0	0	N/A	0	0	0	N/A
Hidalgo	2	1	(1)	(50.00%)	96,000	60,000	(36,000)	(37.50%)	661	374	(287)	(43.38%)
Denton	1	1	0	0.00%	36,000	36,000	0	0.00%	238	138	(100)	(42.06%)
Johnson	0	0	0	N/A	0	0	0	N/A	0	0	0	N/A
Polk	0	0	0	N/A	0	0	0	N/A	0	0	0	N/A
Collin	21	20	(1)	(4.76%)	1,352,160	1,023,600	(328,560)	(24.30%)	5,203	3,744	(1,459)	(28.05%)
Top 25 Counties	3,596	3,401	(195)	(5.42%)	245,123,157	231,973,440	(13,149,717)	(5.36%)	1,318,321	1,274,966	(43,355)	(3.29%)
All Other Counties	74	62	(12)	(16.22%)	6,386,280	4,667,160	(1,719,120)	(26.92%)	27,189	19,768	(7,421)	(27.29%)
Tier 1	661	620	(41)	(6.20%)	46,596,542	46,133,880	(462,662)	(0.99%)	172,350	171,317	(1,032)	(0.60%)
Tier 2	2,672	2,551	(121)	(4.53%)	182,435,335	171,977,520	(10,457,815)	(5.73%)	1,061,560	1,031,337	(30,223)	(2.85%)
All Other Counties	337	292	(45)	(13.35%)	22,477,560	18,529,200	(3,948,360)	(17.57%)	111,600	92,080	(19,520)	(17.49%)
Statewide Total	3,670	3,463	(207)	(5.64%)	251,509,437	236,640,600	(14,868,837)	(5.91%)	1,345,510	1,294,734	(50,776)	(3.77%)

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 12/31/20
HO-BT Policies



County	Policies In-Force		PIF Growth		Exposure In-Force		Exposure Growth		YTD Written Premium		Premium Growth	
	12/31/19	12/31/20	Actual	Percentage	12/31/19	12/31/20	Actual	Percentage	12/31/19	12/31/20	Actual	Percentage
Harris	1,614	1,332	(282)	(17.47%)	36,411,720	29,826,360	(6,585,360)	(18.09%)	293,122	212,832	(80,290)	(27.39%)
Galveston	359	357	(2)	(0.56%)	11,327,040	11,476,080	149,040	1.32%	53,055	48,659	(4,397)	(8.29%)
Brazoria	73	65	(8)	(10.96%)	2,365,440	2,257,440	(108,000)	(4.57%)	12,162	9,278	(2,884)	(23.71%)
Fort Bend	103	89	(14)	(13.59%)	2,139,600	2,486,400	346,800	16.21%	15,103	14,489	(614)	(4.07%)
Dallas	66	46	(20)	(30.30%)	1,713,360	1,366,800	(346,560)	(20.23%)	11,415	6,936	(4,479)	(39.24%)
Tarrant	65	53	(12)	(18.46%)	1,684,800	1,568,400	(116,400)	(6.91%)	10,830	8,799	(2,030)	(18.75%)
El Paso	1	5	4	400.00%	102,000	307,800	205,800	201.76%	410	817	407	99.18%
Jefferson	23	28	5	21.74%	789,120	1,036,320	247,200	31.33%	3,150	3,688	538	17.07%
Nueces	31	25	(6)	(19.35%)	995,400	843,000	(152,400)	(15.31%)	4,398	3,698	(701)	(15.93%)
Montgomery	44	34	(10)	(22.73%)	1,171,200	1,094,400	(76,800)	(6.56%)	7,297	6,064	(1,233)	(16.89%)
Bexar	33	19	(14)	(42.42%)	589,200	530,400	(58,800)	(9.98%)	4,757	3,622	(1,135)	(23.87%)
Calhoun	9	6	(3)	(33.33%)	286,800	112,800	(174,000)	(60.67%)	1,251	553	(698)	(55.77%)
Cameron	9	4	(5)	(55.56%)	447,600	168,000	(279,600)	(62.47%)	1,876	615	(1,261)	(67.21%)
Orange	17	13	(4)	(23.53%)	526,440	354,000	(172,440)	(32.76%)	3,058	2,695	(363)	(11.86%)
Matagorda	1	1	0	0.00%	13,200	13,200	0	0.00%	200	100	(100)	(50.00%)
Chambers	3	5	2	66.67%	78,000	117,840	39,840	51.08%	286	873	587	205.14%
Travis	33	24	(9)	(27.27%)	774,600	564,000	(210,600)	(27.19%)	4,611	3,111	(1,500)	(32.52%)
Aransas	4	3	(1)	(25.00%)	132,000	114,360	(17,640)	(13.36%)	598	514	(84)	(14.08%)
San Patricio	1	1	0	0.00%	12,000	30,000	18,000	150.00%	100	154	54	54.00%
Liberty	1	3	2	200.00%	54,000	78,000	24,000	44.44%	261	502	241	92.34%
Hidalgo	2	2	0	0.00%	30,000	30,000	0	0.00%	247	347	100	40.42%
Denton	3	2	(1)	(33.33%)	276,000	54,000	(222,000)	(80.43%)	801	(99)	(900)	(112.32%)
Johnson	2	2	0	0.00%	48,000	112,440	64,440	134.25%	527	418	(109)	(20.74%)
Polk	2	2	0	0.00%	60,000	84,000	24,000	40.00%	320	367	47	14.61%
Collin	10	8	(2)	(20.00%)	216,000	174,000	(42,000)	(19.44%)	1,683	1,029	(654)	(38.87%)
Top 25 Counties	2,509	2,129	(380)	(15.15%)	62,243,520	54,800,040	(7,443,480)	(11.96%)	431,522	330,063	(101,458)	(23.51%)
All Other Counties	112	82	(30)	(26.79%)	3,572,400	2,808,120	(764,280)	(21.39%)	21,056	16,225	(4,831)	(22.94%)
Tier 1	515	496	(19)	(3.69%)	16,482,600	16,187,040	(295,560)	(1.79%)	77,299	68,253	(9,046)	(11.70%)
Tier 2	1,747	1,448	(299)	(17.12%)	39,401,760	33,008,760	(6,393,000)	(16.23%)	313,286	232,784	(80,502)	(25.70%)
All Other Counties	359	267	(92)	(25.63%)	9,931,560	8,412,360	(1,519,200)	(15.30%)	61,992	45,251	(16,741)	(27.01%)
Statewide Total	2,621	2,211	(410)	(15.64%)	65,815,920	57,608,160	(8,207,760)	(12.47%)	452,577	346,288	(106,289)	(23.49%)

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

5C. Appointment of Actuary and Qualification Documentation

MEMORANDUM

REVIEW DATE: January 26, 2021
TO: John Polak, General Manager
FROM: Jerry Fadden, Chief Financial Officer
RE: Appointed Actuary Qualification Documentation

Xiuyu Li was appointed as the Qualified Actuary for the Texas FAIR Plan Association in December 2017. She joined TFPA in February 2013 and has 16 years of experience in the P/C insurance industry across multiple lines of business, including homeowners, commercial property, commercial automobile, and workers' compensation coverages. Xiuyu leads a variety of actuarial engagements for TFPA primarily focused on reserving, rate making, risk transfer and analysis. Prior to joining TFPA she worked as a predictive modeler at Travelers focused on general linear modeling applied in advanced rate making.

Xiuyu updates her knowledge through continuing education through a combination of industry conferences, on-line courses, TFPA conferences, seminars and self-study. Relevant areas include pricing, reserving, Cat modeling/model validation, reinsurance, impacts of statutory changes on TFPA rates/reserves/funding, and professionalism related to preparing Statements of Actuarial Opinion. She plans to obtain, for calendar year 2021, sufficient continuing education credits to meet the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States as promulgated by the American Academy of Actuaries. A detailed log of her continuing education is available upon request.

Education and Certifications required in annual statement instructions

- Xiuyu received a Master's Degree in Statistics/Actuarial Science in 2004 from the University of Texas.
- Xiuyu is an Associate of the CAS (ACAS) and her basic education includes credit for Exam 6 –Regulation and Financial Reporting (United States) and Exam 7 –Estimation of Policy Liabilities, Insurance Company Valuation, and Enterprise Risk Management; She is a Member of the American Academy of Actuaries since 2015, thus meeting the requirements for basic education, Accepted Actuarial Designation and membership in a professional actuarial organization described in the Annual Statement Instructions.
- Xiuyu is an active CAS College Liaison

Mrs. Li's experience, basic education, continuing education and professional society membership described on this page illustrate that she meets the requirements for a qualified actuary as set forth in the NAIC Annual Statement Instructions.

6. Internal Audit

6A. Internal Audit Status & Update

MEMORANDUM

TO: The Governing Committee - Texas FAIR Plan Association

FROM: Bruce Zaret, Weaver - Internal Audit

DATE: February 22, 2021

SUBJECT: Status of Internal Audit Activities

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

➤ **Current Activities:**

Activity Description	Status
Claims Process	Report issued
Reinsurance	Report issued
Database and Application Administration	Report issued
Financial Close and Reporting	Report issued
Legal and Compliance	Fieldwork complete – report in process
Communications	Fieldwork complete – report in process
Disaster Recovery	Fieldwork complete – report in process

➤ **Upcoming Audits:**

Activity Description	Timing
Governance Audit	1 st and 2 nd Quarter
Cash Management	1 st and 2 nd 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		
Business Continuity of Operations	Moderate		x			x	
Disaster Recovery	Moderate			x			
Governance	Moderate				x		
Financial Close and Reporting	Moderate			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		
Taxes	Low				x		
Accounts Receivable	Low		x				x
Payroll	Low		x				x

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

9B. IT Audit – Database and Application Administration

There is no exhibit for this topic

9C. IT Security Audit

This item will be covered in closed session

7. Underwriting

7A. Operational Review Update

MEMORANDUM

DATE: February 3, 2021
TO: John Polak, General Manager
FROM: Denise Larzalere, Vice President Underwriting
RE: Update on Underwriting Operational Highlights

Fourth Quarter 2020 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 96% of all transactions processed within 10 days and with approximately 87% 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 is within our established goals. We continue to experience increased call volume since transitioning to teleworking. Payment leniency (telephone payments) have increased, as well as general training questions from agents. We have increased utilization of the external call center and modified some scheduling to ensure acceptable service levels. We continue to perform service observation (listening to phone calls and scoring them) as well as calibrating expectations within the entire Association.
- d. Underwriting operated under budget in the fourth quarter, driven by lower head count and fewer inspections. Due to the COVID-19 health crisis, we have suspended interior inspections and are following recommended and required health guidelines to complete exterior inspections as needed.

II. TFPA Agent Audit Results:

- a. 20 agents (200 properties/policies) were selected for review in the fourth quarter of 2020 to verify compliance with the declination of coverage requirement and TFPA Producer Requirements and Performance Standards. Eighteen agents have responded, with follow-up requests being sent to the two agents who have not responded yet.
 - i. Proof of declination was received for eighty-four percent of the policies selected. Staff is following up for outstanding proof of declinations.



- ii. Signed applications and eligibility statements were provided for approximately eighty-two percent of the policies selected. Staff is following up with the agents who have not yet provided signed applications.
- b. All 20 agents have an active property & casualty insurance license, and all 20 agents have the required direct standard market appointments.

8. Claims

8A. Claims Operations – Overview

TFPA Claims Operations 2020

TFPA Claims - 2020 Results (complete year)					
Key Cycle Times (In days)	Industry Average, TX	TFPA	TFPA Plan	Variance to Plan	% Variance to Plan
FNOL to Inspect Property	5.5	3.0	<3	0.0	0%
Inspect Property to Receipt by TFPA	3.6	2.4	<8	-5.6	-70%
Total Cycle Time FNOL to Payment	N/A	9.3	<12	-2.7	-17%
TDI Complaint Ratio					
2019	0.19% - 13 complaints from 6,950 new claims				
2020	0.09% - 5 complaints from 5,645 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	Totals
Actual Volume	523	382	400	392	658	576	647	521	579	378	266	323	5,645
Actuarial Projected	400	296	292	737	727	281	277	273	269	354	262	258	4,426
Median Staffing	286	286	286	286	286	286	286	286	286	286	286	286	286
Open Inventory	617	592	558	529	491	712	691	1,332	1,237	1,128	1,098	1,126	1,126

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
2016	332	-	108	-	333	-	1,010	-	8,775	-	10,990	-
2017	282	-15.1%	119	10.2%	271	-18.6%	959	-5.0%	20,246	130.7%	22,277	102.7%
2018	211	-25.2%	113	-5.0%	184	-32.1%	1,007	5.0%	2,930	-85.5%	4,774	-78.6%
2019	232	10.0%	74	-34.5%	155	-15.8%	727	-27.8%	4,883	66.7%	6,423	34.5%
2020	107	-53.9%	81	9.5%	103	-33.5%	606	-16.6%	2,999	-38.6%	4,287	-33.3%

Incurred Amounts by Peril

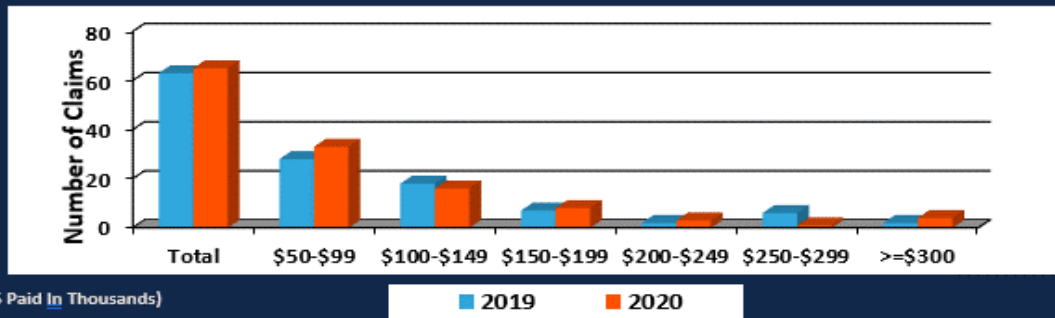
Year	Fire		Liability		Theft		Water		Wind / Hail		All Perils	
	Incurred	% Δ	Incurred	% Δ	Incurred	% Δ	Incurred	% Δ	Incurred	% Δ	Incurred	% Δ
2016	\$12,596,494	-	\$1,200,709	-	\$994,015	-	\$963,568	-	\$42,558,537	-	\$59,767,730	-
2017	\$11,533,193	-8.4%	\$1,023,968	-14.7%	\$628,257	-36.8%	\$906,433	-5.9%	\$50,684,166	19.1%	\$65,417,257	9.5%
2018	\$9,524,538	-17.4%	\$286,282	-72.0%	\$512,246	-18.5%	\$967,647	6.8%	\$8,922,435	-82.4%	\$20,917,020	-68.0%
2019	\$9,748,151	2.3%	\$555,045	93.9%	\$392,556	-23.4%	\$551,611	-43.0%	\$20,331,672	127.9%	\$32,116,922	53.5%
2020	\$5,540,712	-43.2%	\$436,310	-21.4%	\$158,138	-59.7%	\$467,634	-15.2%	\$11,656,857	-42.7%	\$20,932,255	-34.8%

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
2016	\$37,941	-	\$11,118	-	\$2,985	-	\$954	-	\$4,850	-	\$5,438	-
2017	\$40,898	7.8%	\$8,605	-22.6%	\$2,318	-22.3%	\$945	-0.9%	\$2,503	-48.4%	\$2,937	-46.0%
2018	\$45,140	10.4%	\$2,533	-70.6%	\$2,784	20.1%	\$961	1.7%	\$3,045	21.6%	\$4,381	49.2%
2019	\$42,018	-6.9%	\$7,501	196.1%	\$2,533	-9.0%	\$759	-21.0%	\$4,164	36.7%	\$5,000	14.1%
2020	\$51,782	23.2%	\$5,387	-28.2%	\$1,535	-39.4%	\$772	1.7%	\$3,887	-6.6%	\$4,883	-2.4%

*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
2019 (complete year)	63	28	18	7	2	6	2
Liability	0	0	0	0	0	0	0
2020 (YTD)	55	31	11	7	3	1	2
Liability	10	2	5	1	0	0	2
Variance	2	5	-2	1	1	-5	2

Hurricane Harvey

TFPA Harvey	As of 12/1/20	As of 1/7/21	Change	% Change
Claims	17,998	17,998	0	0.00%
Open	240	233	-7	-2.9%
Closed	17,758	17,765	7	0.0%
% Closed	98.70%	98.70%	0	0.0%
Paid Indemnity	\$35,311,046	\$35,475,767	\$164,721	0.5%
Paid Expense	\$22,824,332	\$22,997,931	\$173,599	0.8%
Active Appraisals	12	6	-6	-50.0%

TFPA 2020 Hurricane Season (As of 1/12/21)	
Hanna (7/25)	
Claims	86
Paid Indemnity	\$322,025
Laura (8/26)	
Claims	303
Paid Indemnity	\$2,364,558
Delta (10/9)	
Claims	68
Paid Indemnity	\$100,945
All Storms	
Claims	457
Paid Indemnity	\$2,787,528

TWIA & TFPA Claims January 2021 CAT Claim Report

2020 Hurricane Season

(Data for all storms through 1/12/21. *Due to low Beta new claim volume no detailed CAT reports provided)

Hanna, Laura, Delta Combined	TWIA	TFPA*
New Claims	9,748	457
Open Claims	6,481	
Closed Claims	3,267	
Paid Indemnity	\$36,782,378	\$2,787,528
Paid Expense	\$8,893,366	
Total Paid	\$45,675,744	
TDI Complaints	6	
ACV Claims	9,535	
RCV Claims	3,805	
Supplemental Claims	277	
Contents Claims	1,091	
ALE Claims	41	
ICC Claims	11	

Comments:

- Information here and on following pages for Claim types, Avg. days to payment, and claim cycle times provide for new regulatory requirements and Sunset claims reporting recommendations.
- **ACV** - Actual Cash Value (initial claim type opened). TWIA has up to 60 days to make initial claim decision.
- **RCV** - Replacement Cost Value. Where claim remains open, ACV claim type converts to RCV claim type after initial payment if policyholder has purchased replacement cost coverage. Policyholder has minimum of 545 days after initial claim decision to claim full replacement cost.
- **Supplemental Claims** - claims with additional damage reported after TWIA has made an initial claim decision
- **Contents claims** - personal or business property.
- **ALE** - Additional Living Expense.
- **ICC** - Increased Cost of Construction (code upgrade coverage). Policyholder has up to two years after date of loss to claim ICC coverage.

Beta (9/20)*	TWIA	TFPA
New Claims	233	132
Paid Indemnity	\$493,831	\$256,007

Hanna (7/25)	TWIA	TFPA *
New Claims	1,538	86
Open Claims	741	
Closed Claims	797	
Paid Indemnity	\$7,451,702	\$322,025
Paid Expense	\$2,640,384	
Total Paid	\$10,092,086	
Avg. Paid Indemnity	\$10,437	
Avg. Days FNOL to Close	39	
TDI Complaints	2	
ACV Claims	1,420	
Avg. Days FNOL to ACV Payment	20.1	
RCV Claims	583	
Avg. Days ACV Payment to RCV Payment	19.3	
Supplemental Claims	34	
Supplemental Claims Cycle Time (days)	39.2	
Contents Claims	164	
Contents Claims Cycle Time (days)	27	
ALE Claims	9	
ALE Claims Cycle Time (days)	41	
ICC Claims	3	
ICC Claims Cycle Time (days)	97	

Hurricane Hanna - All Claims Report		TWIA Hanna																
		TWIA Total	Aransas	Brazoria	Calhoun	Cameron	Chambers	Galveston	Harris	Jefferson	Kenedy	Kleberg	Matagorda	Nueces	Refugio	San Patricio	Willacy	No Policy
1	All Claims	1,538	20	36	5	470	0	26	3	5	8	54	9	628	2	41	172	59
2	Open ACV Claims (Cost to Repair and Replace - Phase 1)	306	8	6	1	92	0	6	0	1	0	6	2	154	1	12	17	0
3	Open RCC & Supplement Payment Claims (Replacement Cost) (Phase 2)	414	0	3	0	166	0	6	1	1	5	24	3	101	0	7	97	0
4	Open Supplemental Claim Reserves	18	0	0	0	3	0	0	0	0	1	1	0	4	0	0	9	0
5	Closed Claims	797	12	27	3	208	0	14	2	3	2	23	4	368	1	22	49	59
6	% Closed	52%	60%	75%	60%	44%	-	54%	67%	60%	25%	43%	44%	59%	50%	54%	28%	100%
7	Closed With Payment	265	1	10	1	81	-	1	0	0	1	12	1	110	0	5	42	0
8	% Closed With Payment	17%	5.0%	27.8%	20.0%	17.2%	-	3.8%	0.0%	0.0%	12.5%	22.2%	11.1%	17.5%	0.0%	12.2%	24.4%	0.0%
9	Closed Without Payment	532	11	17	2	127	-	13	2	3	1	11	3	258	1	17	7	59
10	% Closed Without Payment	35%	55%	47%	40%	27%	-	50%	67%	60%	13%	20%	33%	41%	50%	41%	4%	100%
11	Open With Payment	449	0	2	2	170	0	6	1	1	6	27	3	111	0	7	113	0
12	% Open With Payment	29%	0%	6%	40%	36%	-	23%	33%	20%	75%	50%	33%	18%	0%	17%	66%	0%
13	Open Without Payment	292	8	7	0	92	0	6	0	1	0	4	2	149	1	12	10	0
14	% Open Without Payment	19%	40%	19%	0%	20%	-	23%	0%	20%	0%	7%	22%	24%	50%	29%	6%	0%
15	Total Paid Indemnity	\$ 7,451,702	\$ 89	\$45,831	\$10,016	\$2,262,221	\$ -	\$27,508	\$4,395	\$ 3,913	\$269,167	\$350,573	\$ 20,525	\$1,976,746	\$ -	\$ 86,069	\$2,394,648	\$ -
16	Total Paid Expense	\$ 2,640,384	\$50,391	\$22,984	\$ 2,849	\$1,194,231	\$ -	\$18,074	\$1,236	\$3,174	\$ 34,515	\$ 61,610	\$ 5,352	\$ 888,346	\$1,841	\$ 38,147	\$ 317,634	\$ -
17	Total Outstanding Indemnity	\$ 1,478,241	\$ 3,600	\$ 1,471	\$ 2,607	\$ 400,003	\$ -	\$ 6,239	\$ 776	\$1,193	\$108,618	\$ 50,138	\$ 4,916	\$ 388,148	\$ 100	\$ 7,885	\$ 502,546	\$ -
18	Total Outstanding Expense	\$ 108,204	\$12,656	\$ 685	\$ -	\$ 13,257	\$ -	\$ -	\$ -	\$ -	\$ 575	\$ 575	\$ -	\$ 65,386	\$ -	\$ 406	\$ 14,664	\$ -
19	Total Incurred	\$ 11,678,530	\$66,735	\$70,971	\$15,472	\$3,869,712	\$ -	\$51,821	\$6,407	\$8,280	\$412,876	\$462,896	\$ 30,792	\$3,318,627	\$1,941	\$132,507	\$3,229,492	\$ -
20	Average Paid	\$ 10,281	\$ 89	\$ 3,819	\$ 3,339	\$ 9,013	\$ -	\$ 3,930	\$4,395	\$ 3,913	\$ 38,452	\$ 8,989	\$ 5,131	\$ 8,945	\$ -	\$ 7,172	\$ 15,449	\$ -
21	TDI Complaints	2	0	1	0	0	0	0	0	0	0	0	0	0	0	0	1	0
22	# TDI Complaints as a % of All Claims	0.130%	0%	3%	0%	0%	-	0.0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%

TWIA Closed Claims by Reason Code	Count	%
1. Closed with payment - Full Acceptance ¹	191	24%
2. Closed with payment - Partial Acceptance ²	86	11%
3. Closed without payment - Depopulation ³	4	1%
4. Closed without payment - Under Deductible ⁴	209	26%
5. Closed without payment - Coverage Excluded ⁵	190	24%
6. Closed without payment - No Policy in Force ⁶	48	6%
7. Closed without payment - Opened in Error ⁷	29	4%
8. Closed without payment - Not Pursued ⁸	40	5%
9. Closed - Pending Reason Code ⁹	0	0%
10. Total Closed ¹⁰	797	100%

Row Data Descriptions:

1. Closed with payment - Full Acceptance: Claim as presented by policyholder is fully accepted by TWIA, subject to policy provisions, conditions and deductible.
2. Closed with payment - Partial Acceptance: Claim as presented by policyholder is partially accepted & partially denied by TWIA, subject to policy provisions,
3. Closed without payment - Depopulation: Claims submitted for a policy with a depopulation carrier. No TWIA policy in force.
4. Closed without payment - Under Deductible: Only includes fully or partially accepted claims for covered repair/replacement costs of damaged property where covered
5. Closed without payment - Coverage Excluded: Claim as submitted is not covered due to application of one or more policy exclusions. This represents a full denial of
6. Closed without payment - No Policy In Force: Claimant does not have an in-force policy with TWIA for the date of loss.
7. Close without payment - Opened in Error: Claim was opened by mistake by TWIA, Policyholder, or Agent. Typically involves a duplicate filed claim.
8. Closed without payment - Not Pursued: Before coverage determination is made, claimant advises TWIA they do not want to pursue their claim further.
9. Closed - Pending Reason Code: Closing reason code not selected. These will be assigned codes by 9/29/17 or sooner.
10. Total Closed: Sum of all closed TWIA hurricane Hanna claims.

Laura (8/26)	TWIA	TFPA*
New Claims	4,285	303
Open Claims	2,732	
Closed Claims	1,553	
Paid Indemnity	\$14,558,784	\$2,364,558
Paid Expense	\$3,254,727	
Total Paid	\$17,813,511	
Avg. Paid Indemnity	\$5,868	
Avg. Days FNOL to Close	56	
TDI Complaints	2	
ACV Claims	4,214	
Avg. Days FNOL to ACV Payment	21.3	
RCV Claims	1,681	
Avg. Days ACV Payment to RCV Payment	35.7	
Supplemental Claims	136	
Supplemental Claims Cycle Time (days)	11.9	
Contents Claims	656	
Contents Claims Cycle Time (days)	21	
ALE Claims	21	
ALE Claims Cycle Time (days)	37	
ICC Claims	6	
ICC Claims Cycle Time (days)	81	

Hurricane Laura - All Claims Report		TWIA Laura																
		TWIA Total	Aransas	Brazoria	Calhoun	Cameron	Chambers	Galveston	Harris	Jefferson	Kenedy	Kleberg	Matagorda	Nueces	Refugio	San Patricio	Willacy	No Policy
1	All Claims	4,285	0	10	0	6	7	50	1	4,207	0	0	2	2	0	0	0	0
2	Open ACV Claims (Cost to Repair and Replace - Phase 1)	1,667	0	8	0	3	1	16	0	1,638	0	0	1	0	0	0	0	0
3	Open RCC & Supplement Payment Claims (Replacement Cost) (Phase 2)	1,290	0	1	0	0	1	7	0	1,280	0	0	0	1	0	0	0	0
4	Open Supplemental Claim Reserves	84	0	0	0	0	0	0	0	84	0	0	0	0	0	0	0	0
5	Closed Claims	1,553	0	4	0	2	5	30	1	1,510	0	0	0	1	0	0	0	0
6	% Closed	36%	-	40%	-	33%	71%	60%	100%	36%	-	-	0%	50%	-	-	-	-
7	Closed With Payment	770	0	1	0	0	0	2	0	767	0	0	0	0	0	0	0	0
8	% Closed With Payment	18%	-	10.0%	-	0.0%	0.0%	4.0%	0.0%	18.2%	-	-	0.0%	0.0%	-	-	-	-
9	Closed Without Payment	783	0	3	0	2	5	28	1	743	0	0	0	1	0	0	0	0
10	% Closed Without Payment	18%	-	30%	-	33%	71%	56%	100%	18%	-	-	0%	50%	-	-	-	-
11	Open With Payment	1,714	0	3	0	1	1	6	0	1,703	0	0	0	0	0	0	0	0
12	% Open With Payment	40%	-	30%	-	17%	14%	12%	0%	40%	-	-	0%	0%	-	-	-	-
13	Open Without Payment	1,018	0	3	0	3	1	14	0	994	0	0	2	1	0	0	0	0
14	% Open Without Payment	24%	-	30%	-	50%	14%	28%	0%	24%	-	-	100%	50%	-	-	-	-
15	Total Paid Indemnity	\$ 14,558,784	\$ -	\$ 3,233	\$ -	\$ 454	\$ 15,218	\$ 54,369	\$ -	\$ 14,485,511	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	Total Paid Expense	\$ 3,254,727	\$ -	\$ 5,059	\$ -	\$ 2,827	\$ 3,178	\$ 41,338	\$ 470	\$ 3,200,421	\$ -	\$ -	\$ 940	\$ 492	\$ -	\$ -	\$ -	\$ -
17	Total Outstanding Indemnity	\$ 2,889,202	\$ -	\$ 2,881	\$ -	\$ 12,646	\$ 2,708	\$ 13,799	\$ -	\$ 2,849,967	\$ -	\$ -	\$ 7,100	\$ 100	\$ -	\$ -	\$ -	\$ -
18	Total Outstanding Expense	\$ 90,084	\$ -	\$ 310	\$ -	\$ 1,692	\$ -	\$ -	\$ -	\$ 86,323	\$ -	\$ -	\$ 1,760	\$ -	\$ -	\$ -	\$ -	\$ -
19	Total Incurred	\$ 20,792,798	\$ -	\$ 11,484	\$ -	\$ 17,619	\$ 21,104	\$ 109,507	\$ 470	\$ 20,622,222	\$ -	\$ -	\$ 9,800	\$ 592	\$ -	\$ -	\$ -	\$ -
20	Average Paid	\$ 5,632	\$ -	\$ 808	\$ -	\$ 454	\$ 15,218	\$ 6,796	\$ -	\$ 5,872	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	TDI Complaints	2	0	0	0	0	0	0	0	2	0	0	0	0	0	0	0	0
22	# TDI Complaints as a % of All Claims	0.047%	-	0%	-	0%	0%	0.0%	0%	0%	-	-	0%	0%	-	-	-	-

TWIA Closed Claims by Reason Code	Count	%
1. Closed with payment - Full Acceptance ¹	467	30%
2. Closed with payment - Partial Acceptance ²	349	22%
3. Closed without payment - Depopulation ³	5	0%
4. Closed without payment - Under Deductible ⁴	315	20%
5. Closed without payment - Coverage Excluded ⁵	208	13%
6. Closed without payment - No Policy in Force ⁶	2	0%
7. Closed without payment - Opened in Error ⁷	66	4%
8. Closed without payment - Not Pursued ⁸	141	9%
9. Closed - Pending Reason Code ⁹	0	0%
10. Total Closed ¹⁰	1,553	100%

Row Data Descriptions:

1. Closed with payment - Full Acceptance: Claim as presented by policyholder is fully accepted by TWIA, subject to policy provisions, conditions and deductible.
2. Closed with payment - Partial Acceptance: Claim as presented by policyholder is partially accepted & partially denied by TWIA, subject to policy provisions,
3. Closed without payment - Depopulation: Claims submitted for a policy with a depopulation carrier. No TWIA policy in force.
4. Closed without payment - Under Deductible: Only includes fully or partially accepted claims for covered repair/replacement costs of damaged property where covered
5. Closed without payment - Coverage Excluded: Claim as submitted is not covered due to application of one or more policy exclusions. This represents a full denial of
6. Closed without payment - No Policy In Force: Claimant does not have an in-force policy with TWIA for the date of loss.
7. Close without payment - Opened in Error: Claim was opened by mistake by TWIA, Policyholder, or Agent. Typically involves a duplicate filed claim.
8. Closed without payment - Not Pursued: Before coverage determination is made, claimant advises TWIA they do not want to pursue their claim further.
9. Closed - Pending Reason Code: Closing reason code not selected. These will be assigned codes by 9/29/17 or sooner.
10. Total Closed: Sum of all closed TWIA hurricane Laura claims.

Delta (10/9)	TWIA	TFPA *
New Claims	3,925	68
Open Claims	3,008	
Closed Claims	917	
Paid Indemnity	\$14,771,892	\$100,945
Paid Expense	\$2,998,255	
Total Paid	\$17,770,147	
Avg. Paid Indemnity	\$5,890	
Avg. Days FNOL to Close	44	
TDI Complaints	2	
ACV Claims	3,901	
Avg. Days FNOL to ACV Payment	18	
RCV Claims	1,541	
Avg. Days ACV Payment to RCV Payment	50.3	
Supplemental Claims	107	
Supplemental Claims Cycle Time (days)	28	
Contents Claims	271	
Contents Claims Cycle Time (days)	19	
ALE Claims	11	
ALE Claims Cycle Time (days)	26	
ICC Claims	2	
ICC Claims Cycle Time (days)	39	

Hurricane Delta - All Claims Report		TWIA Delta																
		TWIA Total	Aransas	Brazoria	Calhoun	Cameron	Chambers	Galveston	Harris	Jefferson	Kenedy	Kleberg	Matagorda	Nueces	Refugio	San Patricio	Willacy	No Policy
1	All Claims	3,925	0	14	1	1	12	168	6	3,721	0	0	0	2	0	0	0	0
2	Open ACV Claims (Cost to Repair and Replace - Phase 1)	1,613	0	6	1	0	8	76	3	1,517	0	0	1	1	0	0	0	0
3	Open RCC & Supplement Payment Claims (Replacement Cost) (Phase 2)	1,313	0	3	0	0	2	34	2	1,272	0	0	0	0	0	0	0	0
4	Open Supplemental Claim Reserves	83	0	0	0	0	0	2	0	81	0	0	0	0	0	0	0	0
5	Closed Claims	917	0	5	1	0	2	56	1	851	0	0	0	1	0	0	0	0
6	% Closed	23%	-	36%	100%	0%	17%	33%	17%	23%	-	-	-	50%	-	-	-	-
7	Closed With Payment	471	0	0	0	0	0	24	0	447	0	0	0	0	0	0	0	0
8	% Closed With Payment	12%	-	0.0%	0.0%	0.0%	0.0%	14.3%	0.0%	12.0%	-	-	-	0.0%	-	-	-	-
9	Closed Without Payment	446	0	5	0	1	2	32	1	404	0	0	0	1	0	0	0	0
10	% Closed Without Payment	11%	-	36%	0%	100%	17%	19%	17%	11%	-	-	-	50%	-	-	-	-
11	Open With Payment	2,038	0	5	0	0	2	44	3	1,984	0	0	0	0	0	0	0	0
12	% Open With Payment	52%	-	36%	0%	0%	17%	26%	50%	53%	-	-	-	0%	-	-	-	-
13	Open Without Payment	970	0	4	1	0	8	68	2	886	0	0	0	1	0	0	0	0
14	% Open Without Payment	25%	-	29%	100%	0%	67%	40%	33%	24%	-	-	-	50%	-	-	-	-
15	Total Paid Indemnity	\$ 14,771,892	\$ -	\$ 23,275	\$ -	\$ -	\$ 2,543	\$ 714,904	\$ 15,380	\$ 14,015,791	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	Total Paid Expense	\$ 2,998,255	\$ -	\$ 8,125	\$ 563	\$ 481	\$ 5,716	\$ 138,894	\$ 7,086	\$ 2,836,920	\$ -	\$ -	\$ -	\$ 470	\$ -	\$ -	\$ -	\$ -
17	Total Outstanding Indemnity	\$ 2,957,264	\$ -	\$ 7,737	\$ 100	\$ -	\$ 9,316	\$ 123,207	\$ 3,158	\$ 2,814,747	\$ -	\$ -	\$ -	\$ 3,000	\$ -	\$ -	\$ -	\$ -
18	Total Outstanding Expense	\$ 151,957	\$ -	\$ -	\$ -	\$ -	\$ 575	\$ 22,940	\$ -	\$ 127,867	\$ -	\$ -	\$ -	\$ 575	\$ -	\$ -	\$ -	\$ -
19	Total Incurred	\$ 20,879,369	\$ -	\$ 39,137	\$ 663	\$ 481	\$ 14,150	\$ 999,944	\$ 25,624	\$ 19,795,325	\$ -	\$ -	\$ -	\$ 4,045	\$ -	\$ -	\$ -	\$ -
20	Average Paid	\$ 5,890	\$ -	\$ 4,655	\$ -	\$ -	\$ 1,271	\$ 10,513	\$ 5,127	\$ 5,768	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	TDI Complaints	2	0	0	0	0	0	0	0	2	0	0	0	0	0	0	0	0
22	# TDI Complaints as a % of All Claims	0.051%	-	0%	0%	0%	0%	0.0%	0%	0.05%	-	-	-	0%	-	-	-	-

TWIA Closed Claims by Reason Code	Count	%
1. Closed with payment - Full Acceptance ¹	321	35%
2. Closed with payment - Partial Acceptance ²	181	20%
3. Closed without payment - Depopulation ³	2	0%
4. Closed without payment - Under Deductible ⁴	137	15%
5. Closed without payment - Coverage Excluded ⁵	186	20%
6. Closed without payment - No Policy in Force ⁶	3	0%
7. Closed without payment - Opened in Error ⁷	31	3%
8. Closed without payment - Not Pursued ⁸	56	6%
9. Closed - Pending Reason Code ⁹	0	0%
10. Total Closed ¹⁰	917	100%

Row Data Descriptions:

1. Closed with payment - Full Acceptance: Claim as presented by policyholder is fully accepted by TWIA, subject to policy provisions, conditions and deductible.
2. Closed with payment - Partial Acceptance: Claim as presented by policyholder is partially accepted & partially denied by TWIA, subject to policy provisions,
3. Closed without payment - Depopulation: Claims submitted for a policy with a depopulation carrier. No TWIA policy in force.
4. Closed without payment - Under Deductible: Only includes fully or partially accepted claims for covered repair/replacement costs of damaged property where covered
5. Closed without payment - Coverage Excluded: Claim as submitted is not covered due to application of one or more policy exclusions. This represents a full denial of
6. Closed without payment - No Policy In Force: Claimant does not have an in-force policy with TWIA for the date of loss.
7. Closed without payment - Opened in Error: Claim was opened by mistake by TWIA, Policyholder, or Agent. Typically involves a duplicate filed claim.
8. Closed without payment - Not Pursued: Before coverage determination is made, claimant advises TWIA they do not want to pursue their claim further.
9. Closed - Pending Reason Code: Closing reason code not selected. These will be assigned codes by 9/29/17 or sooner.
10. Total Closed: Sum of all closed TWIA hurricane Delta claims.

8B. Claims Litigation



TFPA Litigation Tracking Activity

Litigation Quarter Summary Fourth Quarter 2020

4th Quarter 2020	Summary of TFPA Claims in Suit					
	New		Settled		Closed	
	1st Party	3rd Party	1st Party	3rd Party	1st Party	3rd Party
	Oct	13	0	0	0	0
	Nov	3	0	0	10	0
	Dec	1	0	0	4	1
		17	0	0	23	1

4th Quarter 2020	Summary of TFPA Claims with LORs					
	New		Settled		Closed	
	1st Party	3rd Party	1st Party	3rd Party	1st Party	3rd Party
	Oct	9	0	0	11	0
	Nov	9	1	0	9	1
	Dec	7	0	0	5	0
		25	1	0	25	1



TFPA Claims Litigation December 2020

Dec-20	TFPA Claims in Suit						
		Beginning Inventory	New	Closed	Ending Inventory		
					1st Party	3rd Party	TOTAL
	Wind/Hail	247	0	(4)	243	0	243
	Other Perils	8	1	0	9	0	9
	Bodily Injury	1	0	(1)	0	0	0
	Property Damage	0	0	0	0	0	0
	TOTAL	256	1	(5)	252	0	252

Dec-20	TFPA Claims with LORs							
		Beginning Inventory	New	Closed	Converted to Suit	Ending Inventory		
						1st Party	3rd Party	TOTAL
	Wind/Hail	61	7	(4)	0	64	0	64
	Other Perils	12	0	(1)	(1)	10	0	10
	Bodily Injury	2	0	0	0	0	2	2
	Property Damage	0	0	0	0	0	0	0
	TOTAL	75	7	(5)	(1)	74	2	76

Dec-20	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	252	0	74	2	328	0	0	0	0	0	328



Dec-20	TFPA Active Claims with Suits/LORs: Breakdown by Plaintiff Firm	
	Firm	Total
	Buzbee Law/Manuel Solis	133
	Manuel Solis, P.C.	70
	Dick Law Firm	29
	Daly & Black	28
	Lane Law Firm	8
	Buzbee Law Firm	7
	Arnold & Itkin LLP	7
	Chad T. Wilson Law Firm	4
	Daly & Black/Arnold & Itkin	4
	Potts Law Firm	3
	Fitts Law Firm	3
	Lindsay, Lindsay & Parsons	2
	Weller, Green, Toups & Terrell	2
	Scott Law Offices	2
	Remaining 22 firms	26
	TOTAL	328

Dec-20	TFPA Active Claims with Suits/LORs: County of Loss Location			
	County	1st Party	3rd Party	Total
	Baytown	1	0	1
	Chambers	1	0	1
	Dallas	1	0	1
	Denton	0	1	1
	El Paso	2	0	2
	Ft. Bend	12	0	12
	Galveston	3	1	4
	Harris	294	0	294
	Jefferson	4	0	4
	Montgomery	3	0	3
	Orange	4	0	4
	Webb	1	0	1
	TOTAL	326	2	328

9. TFPA Operations

9A. IT Systems Enhancements



MEMORANDUM

DATE: February 10, 2020

TO: John Polak, General Manager

FROM: Camron Malik, CIO / VP IT

RE: TFPA Information Technology status

The TFPA implementation is in Production Support mode. The Systems Development/Production Support releases continue with their monthly cadence, delivering various defect fixes and features 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.

We have kicked off the technology portion of the New Normal program, which will accommodate a flexible workforce capable of working seamlessly on-site or remotely. The New Normal program comprises 4 major work threads. These are People, Change Management, Space management and Technology and Infrastructure. All work threads have started and are progressing well.

9B. Communications Update

MEMORANDUM

DATE: February 3, 2021

TO: TFPA Governing Committee

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

RE: Communications & Legislative Affairs Operational Highlights

Legislative & Regulatory Affairs

- a) In preparation for the 87th legislative session, our engagement with legislative offices greatly increased in Q4 2020. Our outreach primarily focused on issues pertaining to TWIA. We continue to expect the legislature's focus to be on issues related to the pandemic during session, and the legislature's ability to meet during session will also be limited based on this same issue.
- b) As expected, Rep. Dade Phelan, whose district includes Orange and Jefferson counties, was elected Speaker of the Texas House of Representatives following the opening of session on January 12, 2021.
- c) Bill filing for the session began on November 9, 2020. There have been no bills filed, to date, related to TFPA. However, House Bill 429 filed by Rep. Ken King, who represents a portion of the Texas Panhandle, proposes requiring TWIA to offer tornado and wildfire insurance statewide to those unable to obtain it in the private market. Rep. King filed an identical bill in the 86th legislative session, but it did not progress past a referral to the House Insurance Committee. As TFPA already offers this coverage statewide, we reached out to Rep. King's office to get more information about the concerns he hopes to address in his bill and provide him with information about the Association.

Rep. Giovanni Capriglione, who represents a portion of Tarrant County, also filed a bill (House Bill 1433) related to the payment of deductibles. The bill strengthens deductible requirements he established in the 86th legislative session through House Bill 2102, which made several changes including explicitly requiring Texas property insurance policyholders to pay the deductible applicable to their claim and allowing insurers to request proof of deductible payment before releasing any withheld recoverable depreciation. Rep. Capriglione's new bill, House Bill 1433, would require insurers to request this proof of payment as well as prohibit insurers from waiving deductible requirements related to the use of preferred contractor networks. If passed, we do not foresee any issues operationalizing the proof of deductible payment requirement for TFPA. TFPA does not use preferred contractor networks.

- d) Most legislative and regulatory inquiries received during the fourth quarter, October 1 through December 31, 2020, were related to TWIA matters. We are currently working on one request from Sen. Larry Taylor's (Galveston County) Chief of Staff related to the operational changes the Association has made to streamline operations between TWIA and TFPA. This request touches on the deferred Merger Study authorized by House Bill 1900 (86th Legislature, R.S.), which we believe is an initiative that aims to address ways to further decrease Association administrative costs. The Association has already made extensive efforts to put in place operational efficiencies between TWIA and TFPA since 2011, and we plan to document those in response to the request and in anticipation of the commencement of the Merger Study at a future date.
- e) We continue to provide recurring operational email updates to the Governing Committee, TDI, legislative staff, and coastal elected officials and stakeholders.

12. Future Meetings

May 17, 2021 – Webinar

August 2, 2021 – Webinar

December 6, 2021 – Webinar