Meeting of the Governing Committee
Texas FAIR Plan Association
Teleconference/Web Conference
November 9, 2026
Omni Hotel
900 North Shoreline Blvd.
Corpus Christi, TX 78401
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.

Interested parties may attend the meeting in person at the Omni Hotel or virtually via Zoom Webinar.

***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 – *Ryan Bridges* — *5 minutes*
   B. Reminder of Anti-Trust Statement – *Counsel*
   C. Meeting Format Information – *Kristina Contardo*

2. Approve the Minutes from Prior Governing Committee Meetings – *Ryan Bridges* – ***Action/Vote Likely**** — *5 minutes*

3. TFPA Operational Dashboard – *David Durden* — *5 minutes*

4. Financial — *30 minutes*
   A. Report of the Secretary/Treasurer – *Georgia Neblett* – ***Action/Vote Likely****
      1. Income Statement
      2. Management Discussion and Analysis
   B. Financial Statement Review by Staff – *Stuart Harbour*
   C. Review/Approval of 2027 Budget – *Stuart Harbour* – ***Action/Vote Likely****

5. Actuarial – *Jim Murphy* — *40 minutes*
   A. Policy Count/Exposures
   B. Reserve Adequacy
   C. Annual Rate Review – ***Action/Vote Likely****

6. Internal Audit Status Update – *Dan Graves – Weaver* — *10 minutes*

7. Underwriting Operational Review Update – *Michael Ledwik* — *10 minutes*

8. Claims — *15 minutes*
   A. Claims Operations – *Dave Williams*
   B. Litigation Summary – *Jessica Crass*

9. TFPA Operations *20 minutes*
   A. IT Update – *Michael Eleftheriades*
   B. Communications and Legislative Update – *David Durden*

10. Closed Session **(Governing Committee Only)** *10 minutes*
    A. Personnel Issues
    B. Legal Advice

11. Consideration of Issues Related to Matters Deliberated in Closed Session that May Require Action, if any, of the Governing Committee – ***Action/Vote Likely**** *5 minutes*

12. Committees – *Ryan Bridges* *5 minutes*

13. Future Meetings – *David Durden* *5 minutes*
    - February 22, 2027 – Moody Gardens Hotel – Galveston

14. Adjourn

1. Call to Order

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 from Prior Governing Committee Meetings

Minutes of the Texas FAIR Plan Association
Governing Committee Meeting
Teleconference/Webinar

Tremont House
2300 Ships Mechanic Row
Galveston, TX

August 3, 2026

The Following Governing Committee Members were Present, Representing:

1.	Ryan Bridges (Chair)	Public Member
2.	E. Jay Sherlock (Vice Chair)	Public Member
3.	Georgia Neblett (Secretary/Treasurer)	Public Member
4.	Mark Solomon	Agent Member
5.	Craig Daughtery	Texas Farm Bureau
6.	Kacey Diede	State Farm
7.	Amanda Hourican	Farmers Insurance
8.	John Miletti	Travelers
9.	Cody Marsh	AAA Texas
10.	Pamela Hurley	Public Member
11.	Marianne Baker	Ex-Officio Non-Voting Member, TDI

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

1.	David Durden, General Manager	TFPA
2.	Stuart Harbour, Chief Financial Officer	TFPA
3.	Jessica Crass, VP Legal and Compliance	TFPA
4.	Dave Williams, VP Claims	TFPA
5.	Michael Eleftheriades, VP Technology	TFPA
6.	Michelle Friesenhahn, VP People and Business Operations	TFPA
7.	Jim Murphy, Chief Actuary	TFPA
8.	Michael Ledwik, VP Underwriting	TFPA
9.	Amy Koehl, Senior Project Administrator	TFPA
10.	Jessica Davidson, Project Administrator	TFPA
11.	Kristina Contardo, Training, QA and Agency Audit Manager	TFPA
12.	Mike Perkins, Association Counsel	Perkins Law Group PLLC

The Following In Person Attendees Were Present:

1.	Josh Carson	Aon
2.	Dan Dick	Aon
3.	Morgan Huhndorff	Gallagher Re
4.	Alicia Robinson	Gallagher Re
5.	Joey Walker	Gallagher Re
6.	David Bolduc	Office of Public Insurance Counsel
7.	David Muckerheide	TDI
8.	Elisabeth Ret	TDI
9.	Dan Graves	Weaver

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

1. Brooke Adam
2. Jeff Berg
3. Allen Cashin
4. Angie Cervantes
5. William Dubinsky
6. Sarah Edstrom
7. Nicole Elliott
8. Angela Fang
9. Allen Fulkerson
10. Jesus Guerrero
11. David Harkin
12. Si Yuan He
13. Jarrett Hill
14. Marianne Moul
15. Liana Pineda
16. Kenisha Schuster
17. Aaron Taylor
18. David Weber
19. Shelia Wilson
20. Mark Worman

1. Call to Order: Chairman Ryan Bridges called the meeting to order at 3:06 p.m. Governing Committee members were provided with a copy of the anti-trust statement and reminded of the prohibitions in the statement by counsel. Kristina Contardo provided meeting logistics information to the attendees.

2. Approval of the Minutes from Prior Governing Committee Meeting: Ms. Neblett moved to approve the minutes from the May 18, 2026 meeting. Mr. Miletti seconded the motion. The motion passed unanimously.

3. TFPA Operational Dashboard: Mr. Durden reviewed the current operational dashboard. Exposure growth, policies in force and premiums are all declining. Net income and operating expenses are below budget. Claims activity is up a bit from the last quarter.

4. Financial:
   A. Report of the Secretary/Treasurer: Ms. Neblett reviewed the Treasurer's Report. Ms. Neblett moved to approve the report. Mr. Solomon seconded the motion. The motion passed unanimously.
   B. Financial Statement Review: Direct written premiums for the six months ending on June 30, 2026, were $138.6 million. Direct earned premiums were $144.0 million. Policies in force were 118,486.

      The TFPA 2026-2027 reinsurance program was placed through broker Arthur J. Gallagher, effective June 1, 2026 and will expire on May 31, 2027. Coverage for 2026-2027 consists of $200 million of collateralized catastrophe bonds and $500 million of traditional reinsurance. The program also includes a "second event" cover that reduces the net retention to $20 million. Reinstatement premium protection was also purchased to cover 100% of the cost to reinstate the first $80 million of reinsurance limit.

Gross ceded premiums associated with the $700 million in coverage totaled $73.4 million compared to a budgeted estimate of $125.0 million. This total reflects an overall rate-on-line (ROL) of 10.4% compared to 14.5% ROL for the 2025/2026 program. The net cost of the reinsurance program after ceding commission was $69.4 million. Ceded premiums are earned on a pro-rata basis over the term of the reinsurance coverage.

Total direct losses and loss adjustment expense were $49.5 million for the year. Operating expenses for the year were $9.2 million. Year to date commission expense is $14.4 million.

C. Selection of Auditors/Accountants for 2026 and Authorization of Non-Audit Services: Ms. Neblett moved that the governing committee of the Texas FAIR Plan Association, acting as the audit committee, authorizes and directs that the firm of Calhoun, Thomson + Matza be engaged to conduct the upcoming annual audit of the Association's 2026 financial statements on the terms set forth in the engagement letter included in the governing committee book. The staff of the Association is further authorized to engage Calhoun, Thomson + Matza to provide certain non-audit services in connection with the issuance of catastrophe bonds during the coming year as needed. Mr. Miletti seconded the motion. The motion passed unanimously.

5. Actuarial:
   A. Policy Count/Exposures: Mr. Murphy reported that policies in force year over year have flipped into negative territory, declining to -7% by June 2026. New policies account for roughly 2% of total policies in force each month. New policy issuance is down 53% year over year.
   B. Reserve Adequacy: TFPA actuarial staff has completed a review of Texas FAIR Plan Association loss and loss adjustment expense reserves as of June 30, 2026.

      As of June 30, 2026, TFPA carried $45.9 million in total gross loss and loss adjustment expense reserves with $10.7 million of the total gross loss and expense 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.

      Based on this review, the estimate of ultimate gross loss and expense associated with Hurricane Beryl remains unchanged at $122 million. TFPA actuarial staff will continue to monitor the development of claims associated with this event and update the ultimate estimate as necessary going forward. The selected ultimate gross loss and expense estimate for Hurricane Harvey remains at $82.5 million.

      In the opinion of the chief 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.

C. Rate Filing Update: The Texas FAIR Plan Association Governing Committee voted at its February 23, 2026 meeting to file for the full actuarial indications for all policy forms, limited to no more than a 25% change in any territory.

   The filing was approved by the Texas Department of Insurance on May 20, 2026 with an effective date of September 1, 2026.

D. 2026 Hurricane Season Funding: TFPA staff, with the assistance of the reinsurance broker Gallagher Re, has finalized its reinsurance program for the 2026 hurricane season effective June 1, 2026.

   The 2026 reinsurance program is effective from June 1, 2026 to May 31, 2027 and includes $200 million in continuing catastrophe bonds issued in 2025 and $500 million in traditional reinsurance coverage, above a $100 million retention for a first event and a reduced $20 million retention for a second event.

   The net cost of the reinsurance program is $69.4 million, well under the approved budget of $95 million. The favorable budget variance is primarily a result of a softening of the global reinsurance market, resulting in lower reinsurance costs overall.

E. Building Cost Adjustments on Renewal Policies: Since August 1, 2024, TFPA has applied an automatic increase to the coverage limit on policies insuring structures on a replacement cost basis. This annual adjustment automatically increases a policy's coverage limit at renewal by applying a building cost index factor in order to better reflect current construction costs.

   The percentages used to revise policy limits vary by the first three digits of the insured location's ZIP code. Current factors are between 1.0% and 3.6%. Effective September 1, 2026, adjustment factors will be updated to be between 2.8% and 6.0%. The average factor statewide is 3.8%.

   Ms. Diede asked if there is a process where policyholders can see if they are overinsured. Mr. Ledwik said they can work with their agent.

6. Internal Audit Status Update: Upcoming internal audit activities include accounts payable. For the third quarter of 2026, audits will focus on underwriting and policy services and cash management. The risk assessment update is scheduled for the fourth quarter of 2026.

7. Underwriting Operational Review Update: Mr. Ledwik reported that 99.94% of underwriting transactions were issued within 10 days of receiving the application and payment. Of department calls, 86.67% of calls were answered in under 20 seconds.

   A sample of agencies (20) were selected in the second quarter of 2026 for audit. Of the samples, each agency had a minimum of one deficient policy. Regulatory factors represented most of the findings. Risk eligibility assessment represented the most

deficiencies found in an assessment area. Statutory deficiencies accounted for 66% of all findings, indicating challenges with declinations requirements. No agency suspensions or enforcement actions were taken during the audit period.

8. Claims:
   A. Claims Operations: First notice of loss to actual cash value payment (daily) averaged 8.2 days. First notice of loss to actual cash value payment (catastrophe) averaged 8.0 days. Historical TFPA claim volume for 2026 is 3,403.
   B. Litigation Summary: Thirteen first party and two third party suits were received in the second quarter. During the same timeframe, eight first party and zero third party suits were settled and ten first party and three third party suits were closed. For TFPA claims with letters of representation, 83 first party and nine third party were received for the quarter. The Association closed 41 first party and four third party claims with letters of representation during the quarter and settled 26 first party claims.

9. TFPA Operations:
   A. IT Systems Enhancements: The Association is contractually mandated to maintain version currency with Guidewire cloud framework releases. In Q2, the Association team tested and released the upgrade to the latest Guidewire "Palisade" (P) version for Guidewire applications. The next upgrade will occur in Q1 of 2027, avoiding an upgrade cycle during the 2026 storm season.

      The Association has identified Artificial Intelligence as a technology for review in strategic plans. A continuing AI Committee will identify and review both AI platforms and AI enhanced tools as part of the technology roadmap. These efforts also include targeting general education for all Association team members as a part of the new learning management system. Additionally, there will be a focus on AI introduction and training for the senior management and executive teams.

      An authentication software project will replace the current on-premises authentication software, used for validation of registration and logins to the external portals (used by agents and policyholders), with a comprehensive cloud-based identity solution. The project is in the execution phase. There will be a hold placed on deployment during the 2026 storm season. The target go live date is the end of Q4 2026.

      The enterprise data warehouse team, directed by the Texas Department of Insurance, has provided the data requested by the nationwide NAIC Homeowners Market Data Call.

      Systems are functioning well with monthly releases and business critical items selected and curated by the respective departments. These monthly maintenance releases also continue to include functional changes that support the 89th Texas Legislative session.

Mr. Bridges asked about the Association's AI usage. Mr. Eleftheriades said Microsoft Copilot is the approved AI platform used across the Association. There have been requests to use other AI platforms but IT management has expressed hesitation to go beyond Copilot at this time.

B. Communications and Legislative Affairs Update: Association staff continues efforts to implement bills enacted during last year's legislative session. On June 2, the Texas Department of Insurance held a public hearing on its proposed rules to implement Senate Bill 458. The law requires personal automobile and residential property insurance policies in Texas (including FAIR Plan policies) to include an appraisal provision. An appraisal process is already available for FAIR Plan claims, but staff expect the proposed rule will require some revisions to policy documents.

   FAIR Plan successfully made its first statistical data submission to TDI in June on declinations, cancellations and non-renewals of residential policies under House Bill 2067. TDI is developing rules to require similar statistical reporting for commercial policies. The department held a hearing on June 15 to receive public comments on the draft rules, which would apply to potential TFPA property owners' association policies.

   Mr. Solomon asked about the Coastal Expo. Mr. Durden said the purpose of the event was for policyholders to get to know TWIA before they have a claim. It was held in Texas City in July and was well attended. Agents could participate in a training session, and the overall event was well received. There are plans to hold another expo next year.

10. Closed Session: There was no closed session.

11. 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. Future Meetings: The next meetings are scheduled to take place on the following dates and locations:
    - October 13, 2026 – TFPA 2027 Budget Meeting
    - November 9, 2026 – Omni Hotel – Corpus Christi
    - February 22, 2027 – Moody Gardens Hotel – Galveston

13. Committees: There was nothing to report.

14. Adjourn: There being no further business the meeting adjourned at 4:18 pm.

_____	_____
Prepared by: Amy Koehl	Approved by: Ryan Bridges
Senior Project Administrator	TFPA Chairman

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

4801 Southwest Parkway
Building 1, Suite 200
Austin, TX 78735

October 13, 2026

The Following Governing Committee Members were Present, Representing:

1. Ryan Bridges (Chair)	Public Member
2. E. Jay Sherlock (Vice Chair)	Agent Member
3. Georgia Neblett (Secretary/Treasurer)	Public Member
4. John Miletti	Travelers
5. Mark Solomon	Agent Member
6. David Nardecchia	Public Member
7. Kacey Diede	State Farm
8. Pamela Hurley	Public Member
9. Cody Marsh	AAA Texas
10. Amanda Hourican	Farmers Insurance
11. Craig Daughtery	Texas Farm Bureau
12. Marianne Baker	Ex-Officio Non-Voting Member, TDI

The Following TFPA Staff and Counsel Were Present:

1. David Durden, General Manager	TFPA
2. Jessica Crass, VP Legal and Compliance	TFPA
3. Stuart Harbour, Chief Financial Officer	TFPA
4. Jim Murphy, Chief Actuary	TFPA
5. Mike Ledwik, VP Underwriting	TFPA
6. Amy Koehl, Senior Project Administrator	TFPA
7. Kristina Contardo, Training, QA and Agency Audit Manager	TFPA
8. Al Fulkerson, Controller	TFPA
9. Rubi Harman, Senior Financial Analyst	TFPA
10. Lance Cooke, Claims Director	TFPA
11. Michael Eleftheriades, Vice President Technology	TFPA
12. Mike Perkins, Association Counsel	Perkins Law Group

The Following In Person Attendees Were Present:

1. David Muckerheide	TDI

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

1. Jeff Berg
2. Angie Cervantes
3. Rebecca Dowd
4. Si Yuan He
5. Taylor Kerr
6. Anna Stafford
7. Aaron Taylor
8. Sheila Wilson

1. Call to Order: Chair Ryan Bridges called the meeting to order at 10:02 am. 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 meeting logistics information to the attendees. Mr. Durden welcomed new committee member David Nardecchia.

2. Review of 2027 TFPA Budget: Mr. Harbour started the meeting by going over some key assumptions from the budget.
    - Rate level: The September 2026 rate increase is reflected in projected premiums. The budget does not include potential future rate changes.
    - The forecast reflects January through June actuals and July through December forecasted amounts.
    - The number of policies in force is projected to decrease from 107,845 policies at December 31, 2026 to 83,685 at year end 2027, a decrease of 24,160 policies (-22.4%).
    - Employee merit increases are set at 3.0%.
    - Operating expenses were developed using zero-based detailed departmental budgets.
    - Commissions: Budgeted at $19.9 million using an average rate of 10.5% for new and renewal policies.
    - The FAIR Plan $30 million line of credit that was effective June 30, 2025 remains in place for two years. The line of credit has an annual commitment fee on unused funds of 30 basis points ($90,000). The budget anticipates the line of credit will be renewed July 1, 2027.
    - Loss and loss adjustment expense ratios are based on actuarial rate indications.

    New and notable items for the 2027 budget include the steady decline of policy counts and exposures. The total 2027 written premium projection is $189 million. There is a placeholder in the budget of $61.7 million for the 2027/2028 TFPA reinsurance program based on forecasted reduction in exposures. The amount of reinsurance purchased by FAIR Plan is at the full discretion of the FAIR Plan Governing Committee.

Mr. Harbour started by commending the work of Rubi Harman, Al Fulkerson and Jeffrey Berg in putting together the materials and their work on the budget.

Mr. Harbour reviewed the key assumptions for the 2027 budget. Written premiums year over year are projected to decrease by 23.7% to $189.2 million. Ceded written premiums for June 2027 – May 2028 are estimated at $61.7 million based on projected exposures. Investment yields (rates) are budgeted to remain steady.

An increase in salaries and wages over the forecast is primarily driven by additional full-time employees and proposed merit adjustments. The decrease in contractor and temporary help is primarily attributable to fewer claims examiners needed to handle claims related to Hurricane Beryl. The increase in hardware and software is attributable to Guidewire licensing fees. Surveys and inspections decreased in the 2027 budget due to the reduction in new business activity and policies in force.

Mr. Marsh asked what the reasoning behind the acceleration of policy loss was and where is the bottom. Mr. Murphy said TWIA has a larger market share, but TFPA is a smaller piece of the market. He continued by saying when looking at the projections of policies in force, staff look at new business issuance and policy rates separately. They have been trending down but more so on the renewal side. TFPA is not at a historic low but is in the 14th month of decline and shows no signs of slowing down.

Ms. Neblett asked if 50 contractors are what is generally used for most years. Mr. Harbour said in the spring the contractor numbers tend to be higher, then they taper off. Ms. Neblett suggested possibly adding a graph from November to April to show the number of contractors. Mr. Bridges requested a copy of the vendor list.

Ms. Diede said when showing the overall expenses, personnel are shown as decreasing but on the headcount slide, it shows the headcount going up. Mr. Harbour said the contractors will go down and that is a big part of the swing. Also, staff are working to keep the headcount flat. Some vacancies come down to timing. Sometimes the position is not filled in a timely manner in 2026 and so it will roll over to 2027.

Ms. Neblett commended staff on the materials the committee received.

3. Adjourn: There being no further business, the meeting adjourned at 11:10 pm.

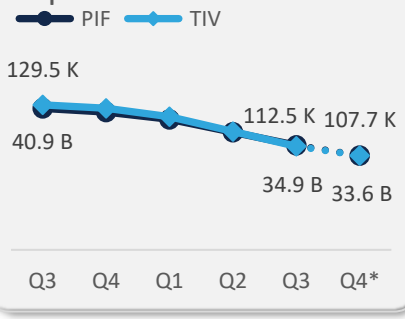
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Prepared by: Amy Koehl	Approved by: Ryan Bridges
Senior Project Administrator	TFPA Chair

3. TFPA Operational Dashboard

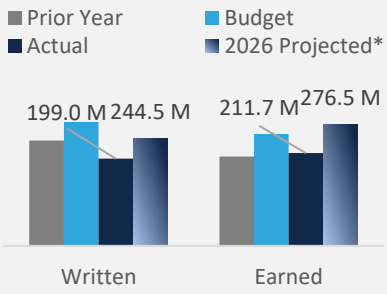
Operational Dashboard

Reporting as of September 30, 2026

Exposure Growth



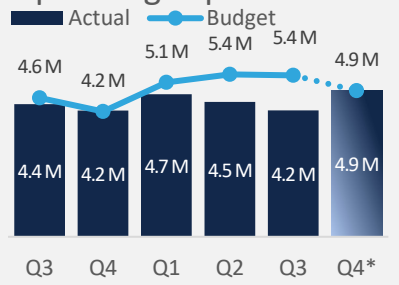
Premiums



Net Income

Actual:	**$ 53.4 M**
Budget:	**58.8 M**
	5.5 M

Operating Expenses



Claims Activity

Reported Claims:	**4,809**
Incurred Loss & LAE:	**$61.0M**
Loss Ratio:	**28.8%**

Claims Disputes

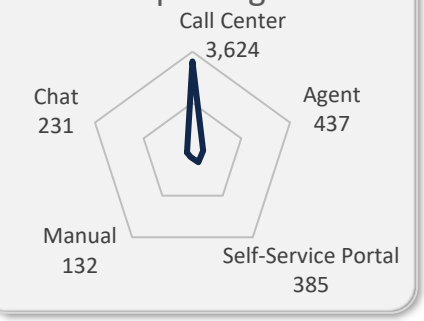
(% of Reported Claims)

TDI Complaints:	**22**	**(0.5%)**
Disputes:	**186**	**(3.9%)**
Lawsuits:	**60**	**(1.2%)**

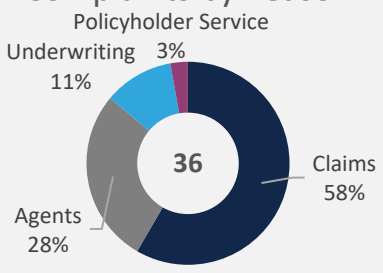
Headcount

Employees:	**253**
Contractors:	**74**
Total:	**327**

Claims Reporting



Complaints by Reason



Exposure Growth, Operating Expenses, and Headcount as of Reporting Date
All other amounts are Year to Date

Enterprise Projects

Status Update as of September 30, 2026

Enterprise Projects	Initiative Type	2025 Q3	2025 Q4	2026 Q1	2026 Q2	2026 Q3	2026 Q4	2027 Q1	2027 Q2
89th Legislative Implementation Program (LIP89)	Mandatory								
Project Enhance (Multifactor Authentication)	Discretionary Planned								
Claims Electronic Indemnity Payment	Discretionary Planned								
PlanetPress Software Upgrade	Discretionary Planned								
Security System Upgrade (Facilities)	Discretionary Planned								

Project Health Definitions - Scope, Schedule, Budget

- On Track
- On Hold
- At Risk
- Needs Action

4. Financial
4A. Report of Secretary/Treasurer
4A1. Income Statement

Statutory Income Statement – Treasurer's Report
(In 000s)

	For the nine months ended September 30,	
	Actuals - 2026	**Actuals - 2025**
Premiums Written:		
Direct	$ 199,046	$ 240,204
Ceded	(73,356)	(115,488)
Net	125,690	124,716
Premiums Earned:		
Direct	$ 211,692	$ 203,897
Ceded	(72,845)	(77,156)
Net	138,846	126,741
Deductions:		
Direct Losses and LAE Incurred	61,000	60,476
Direct Losses and LAE Incurred - Beryl	0	14,000
Direct Losses and LAE Incurred - Harvey	(405)	0
Ceded Losses and LAE Incurred - Beryl	0	(13,249)
Ceded Losses and LAE Incurred - Harvey	405	0
Operating Expenses	13,439	13,511
Commission Expense	20,684	26,230
Ceding commissions / brokerage	(3,934)	(7,808)
Other Taxes	0	9
Total Deductions	91,189	93,169
Net Underwriting Gain or (Loss)	47,658	33,572
Other Income or (Expense):		
Gross Investment Income	5,931	2,521
Line of Credit Fees	(68)	(68)
Interest Expense on Line of Credit Advance	0	0
Member Assessment Income	0	60,144
Premium Charge offs/Write offs	(944)	(845)
Billing Fees	853	932
Miscellaneous Income (Expense)	0	0
Total Other Income or (Expense)	5,772	62,683
Net Income (Loss)	**$ 53,429**	**$ 96,255**
Surplus (Deficit) Account:		
Beginning Surplus (Deficit)	$ 65,372	$ (60,144)
Net Income (Loss)	53,429	96,255
Change in nonadmitted assets	1,094	(182)
Other	0	0
Ending Surplus (Deficit)	**$ 119,895**	**$ 35,929**

4A2. Management Discussion and Analysis

Texas FAIR Plan Association
Management's Discussion and Analysis of Financial Results
For the Nine Months Ended September 30, 2026

Written and Earned Premiums

Actual vs Budget	Sep-2026 YTD Actual	Sep-2026 YTD Budget	Variance $/count Inc (Dec)	Variance % Inc (Dec)
Direct Written Premiums	$ 199.0 M	$ 282.9 M	($ 83.8 M)	(29.6%)
Direct Earned Premiums	$ 211.7 M	$ 255.5 M	($ 43.8 M)	(17.1%)
Policies In-Force	112,450	127,599	(15,149)	(11.9%)

Current Yr vs Prior Yr Actuals	Sep-2026 YTD Actual	Sep-2025 YTD Actual	Variance $/count Inc (Dec)	Variance % Inc (Dec)
Direct Written Premiums	$ 199.0 M	$ 240.2 M	($ 41.2 M)	(17.1%)
Direct Earned Premiums	$ 211.7 M	$ 203.9 M	$ 7.8 M	3.8%
Policies In-Force	112,450	129,526	(17,076)	(13.2%)

Reinsurance Costs

- The 2026-2027 TFPA reinsurance program incepted on June 1, 2026, and will expire on May 31, 2027. Coverage for 2026-2027 consists of $200 million of collateralized catastrophe bonds and $500 million of traditional reinsurance. The program also includes a "second event" cover that reduces the net retention to $20 million. Reinstatement premium protection was also purchased to cover 100% of the cost to reinstate the first $80 million of reinsurance limit. Gross ceded premium associated with the $700 million in coverage totaled $73.4 million compared to a budgeted estimate of $125.0 million. This total reflects an overall rate-on-line (ROL) of 10.4% compared to 14.5% ROL for the 2025/26 program. The net cost of the reinsurance program after ceding commission was $69.4 million. Ceded premiums are earned on a monthly pro-rata basis over the term of the reinsurance coverage.

Loss and Loss Adjustment Expense Incurred

Actual vs Budget	Sep-2026 YTD Actual	Sep-2026 YTD Budget	Variance $/count Inc (Dec)	Variance % Inc (Dec)
Direct Losses Incurred	$ 47.9 M	$ 56.5 M	($ 8.6 M)	(15.2%)
Direct LAE Incurred	$ 12.7 M	$ 10.2 M	$ 2.5 M	24.7%
Total Direct Losses & LAE	**$ 60.6 M**	**$ 66.7 M**	**($ 6.1 M)**	**(9.1%)**
Loss & LAE Ratio	**28.6%**	**26.1%**		**2.5%**

Current Yr vs Prior Yr Actuals	Sep-2026 YTD Actual	Sep-2025 YTD Actual	Variance $/count Inc (Dec)	Variance % Inc (Dec)
Direct Losses Incurred	$ 47.9 M	$ 57.4 M	($ 9.5 M)	(16.5%)
Direct LAE Incurred	$ 12.7 M	$ 17.1 M	($ 4.4 M)	(25.8%)
Total Direct Losses & LAE	**$ 60.6 M**	**$ 74.5 M**	**($ 13.9 M)**	**(18.6%)**
Loss & LAE Ratio	**28.6%**	**36.5%**		**(7.9%)**

Operating Expenses

Actual vs Budget	Sep-2026 YTD Actual	Sep-2026 YTD Budget	Variance $/count Inc (Dec)	Variance % Inc (Dec)
Operating Expenses	$ 13.4 M	$ 15.9 M	($ 2.5 M)	(15.6%)
Operating Expense Ratio	6.3%	6.2%		0.1%

Current Yr vs Prior Yr Actuals	Sep-2026 YTD Actual	Sep-2025 YTD Actual	Variance $/count Inc (Dec)	Variance % Inc (Dec)
Operating Expenses	$ 13.4 M	$ 13.5 M	($ 0.1 M)	(0.5%)
Operating Expense Ratio	6.3%	6.6%		(0.3%)

- Net operating expenses shown above and on the statutory income statement exclude claims related expenses which are recorded in losses and loss adjustment expense. Expenses under budget included Personnel Expense ($1,355,000), Professional & Consulting Services ($658,000), Hardware & Software ($192,000), and Other Operating Expenses ($153,000).

Commission Expense and Premium Taxes

Actual vs Budget	Sep-2026 YTD Actual	Sep-2026 YTD Budget	Variance $/count Inc (Dec)	Variance % Inc (Dec)
Commission Expense	$ 20.7 M	$ 32.5 M	($ 11.8 M)	(36.4%)
Other Taxes	$ 0.0 M	$ 0.0 M	$ 0.0 M	0.0%

Current Yr vs Prior Yr Actuals	Sep-2026 YTD Actual	Sep-2025 YTD Actual	Variance $/count Inc (Dec)	Variance % Inc (Dec)
Commission Expense	$ 20.7 M	$ 26.2 M	($ 5.5 M)	(21.1%)
Other Taxes	$ 0.0 M	$ 0.0 M	($ 0.0 M)	0.0%

- Premium taxes recorded in 2025 were later reversed due to HB 2517 which exempted TFPA from premium and maintenance tax for calendar year 2025 and forward.

Other Income (Expense)

Actual vs Budget	Sep-2026 YTD Actual	Sep-2026 YTD Budget	Variance $/count Inc (Dec)	Variance % Inc (Dec)
Gross Investment Income	$ 5.9 M	$ 3.8 M	$ 2.1 M	54.7%

Current Yr vs Prior Yr Actuals	Sep-2026 YTD Actual	Sep-2025 YTD Actual	Variance $/count Inc (Dec)	Variance % Inc (Dec)
Gross Investment Income	$ 5.9 M	$ 2.5 M	$ 3.4 M	135.3%

Net Income (Loss)

Actual vs Budget	Sep-2026 YTD Actual	Sep-2026 YTD Budget	Variance $/count Inc (Dec)	Variance % Inc (Dec)
Net Income (Loss)	$ 53.4 M	$ 58.9 M	($ 5.5 M)	(9.3%)

Current Yr vs Prior Yr Actuals	Sep-2026 YTD Actual	Sep-2025 YTD Actual	Variance $/count Inc (Dec)	Variance % Inc (Dec)
Net Income (Loss)	$ 53.4 M	$ 96.3 M	($ 42.8 M)	44.5%

Surplus (Deficit)

Current Period vs. Prior Year End Actual	Sep-2026 YTD Actual	Dec-25 YTD Actual	Variance $/count Inc (Dec)	Variance % Inc (Dec)
Surplus (Deficit)	$ 119.9 M	$ 65.4 M	$ 54.5 M	83.4%

- The Association's beginning 2026 surplus of $65.4 million increased to $119.9 million due primarily to the year-to-date net income of $53.4 million.

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4B. Financial Statement Review



TEXAS FAIR PLAN ASSOCIATION

Financial Statements and Schedules

September 2026

Statutory Income Statement
(In 000s)

	For the nine months ended September 30,			
	Actuals - 2026	**Budget - 2026**	**Variance - 2026**	**Actuals - 2025**
Premiums Written:				
Direct	$ 199,046	$ 282,878	$ (83,832)	$ 240,204
Ceded	(73,356)	(125,000)	51,644	(115,488)
Net	125,690	157,878	(32,188)	124,716
Premiums Earned:				
Direct	$ 211,692	$ 255,472	$ (43,780)	$ 203,897
Ceded	(72,845)	(94,001)	21,156	(77,156)
Net	138,846	161,471	(22,624)	126,741
Deductions:				
Direct Losses and LAE Incurred	$ 61,000	$ 66,696	$ (5,696)	$ 60,476
Direct Losses and LAE Incurred - Beryl	0	0	0	14,000
Direct Losses and LAE Incurred - Harvey	(405)	0	(405)	0
Ceded Losses and LAE Incurred - Beryl	0	0	0	(13,249)
Ceded Losses and LAE Incurred - Harvey	405	0	405	0
Operating Expenses	13,439	15,920	(2,481)	13,511
Commission Expense	20,684	32,531	(11,847)	26,230
Ceding commissions / brokerage	(3,934)	(8,605)	4,671	(7,808)
Other Taxes (1)	0	0	0	9
Total Deductions	91,189	106,541	(15,353)	93,169
Net Underwriting Gain or (Loss)	47,658	54,929	(7,272)	33,572
Other Income or (Expense):				
Gross Investment Income	$ 5,931	$ 3,834	$ 2,097	$ 2,521
Line of Credit Fees	(68)	(76)	7	(68)
Interest Expense on Line of Credit Advance	0	0	0	0
Member Assessment Income	0	0	0	60,144
Premium Charge offs/Write offs	(944)	(707)	(237)	(845)
Billing Fees	853	933	(81)	932
Miscellaneous Income (Expense)	0	0	0	0
Total Other Income or (Expense)	5,772	3,985	1,787	62,683
Net Income (Loss)	**$ 53,429**	**$ 58,914**	**$ (5,485)**	**$ 96,255**

Note: (1) The balance reflects the impact of HB 2517 which exempted Texas FAIR Plan from Premium and Mainenance taxes

Surplus (Deficit) and Key Operating Ratios (In 000s)

	For the nine months ended September 30,			
	Actuals - 2026	**Budget - 2026**	**Variance - 2026**	**Actuals - 2025**
Surplus (Deficit) Account:				
Beginning Surplus (Deficit)	65,372	65,372	0	(60,144)
Net Income (Loss)	53,429	58,914	(5,485)	96,255
Change in nonadmitted assets	1,094	(509)	1,603	(182)
Other	0	0	0	0
Ending Surplus (Deficit)	$ 119,895	$ 123,776	$ (3,882)	$ 35,929
Key Operating Ratios:				
Direct:				
Loss & LAE Ratio:				
Non Hurricane	28.8%	26.1%	2.7%	29.7%
Hurricane Beryl	0.0%	0.0%	0.0%	6.9%
Hurricane Harvey	(0.2%)	0.0%	(0.2%)	0.0%
Loss & LAE Ratio	28.6%	26.1%	2.5%	36.5%
UW Expense Ratio:				
Acquisition	10.4%	11.5%	(1.1%)	10.9%
Non Acquisition	6.3%	6.2%	0.1%	6.6%
UW Expense Ratio	16.7%	17.7%	(1.0%)	17.6%
Combined Ratio	45.4%	43.8%	1.5%	54.1%
Net:				
Loss & LAE Ratio:				
Non Hurricane	43.9%	41.3%	2.6%	47.7%
Hurricane Beryl	0.0%	0.0%	0.0%	0.6%
Hurricane Harvey	0.0%	0.0%	0.0%	0.0%
Loss & LAE Ratio	43.9%	41.3%	2.6%	48.3%
UW Expense Ratio:				
Acquisition	12.8%	15.3%	(2.5%)	16.0%
Non Acquisition	9.7%	9.9%	(0.2%)	10.7%
UW Expense Ratio	22.5%	25.2%	(2.7%)	26.7%
Combined Ratio	66.4%	66.5%	(0.0%)	75.0%

Note: Beginning budgeted surplus adjusted to actual for comparative purposes.

Statutory Expense Statement
(In 000s)

	Description	For the nine months ended September 30, Actuals - 2026	Budget - 2026	Variance - 2026	Actuals - 2025
3	Personnel Expenses				
4	Salaries & Wages - Permanent	$ 6,851	$ 7,238	$ (387)	$ 6,134
5	Contractor & Temporary Help	2,570	3,947	(1,376)	4,625
6	Payroll Taxes	510	522	(12)	453
7	Employee Benefits	1,914	2,094	(180)	1,658
8	Recruiting, Training & Other	83	182	(99)	30
9	Subtotal	11,928	13,983	(2,055)	12,900
10					
11	Professional & Consulting Services				
12	Legal	78	83	(5)	105
13	Accounting & Auditing	77	116	(38)	109
14	Information Technology	818	1,015	(197)	1,048
15	Actuarial Services	16	24	(8)	22
16	Surveys & Inspections	653	893	(240)	1,318
17	Disaster Recovery Services	2	3	(1)	2
18	Other Services [(1)]	1,424	1,701	(277)	1,654
19	Subtotal	3,069	3,835	(766)	4,258
20					
21	Hardware/Software Purchases & Licensing	2,190	2,427	(238)	1,906
22	Rental & Maintenance - Office/Equipment	404	452	(48)	406
23	Travel Expenses	111	189	(78)	82
24	Postage, Telephone and Express	617	555	62	558
25	Capital Management Expenses	68	76	(7)	68
26	Other Operating Expenses	637	780	(144)	636
27					
28	**Total Operating Expenses**	**$ 19,024**	**$ 22,298**	**$ (3,273)**	**$ 20,814**
29					
30	Capitalization of Fixed Assets	0	0	0	0
31	Allocation To ULAE	(5,517)	(6,302)	785	(7,234)
32	Allocation To Investing & Other Expense	(68)	(76)	7	(68)
33	**Net Operating Expense - UW Operations**	**$ 13,439**	**$ 15,920**	**$ (2,481)**	**$ 13,511**

[(1)] Summary Details for Other Services:

VENDOR	Amount	Department
Insurance Services Office, Inc.	359	Underwriting / Claims
Clear Point Claims LLC	301	Underwriting
Marshall & Swift/Boeckh	117	Underwriting
Xactware Solutions Inc	96	Claims
Nearmap US, Inc	77	Claims
Genesys Cloud Services, Inc.-	62	Underwriting
LexisNexis Risk Solutions Inc.	54	Underwriting
LYNX Services LLC	52	Claims
*Other Outside Services below $50K	304	Various Departments
Total Other Services	**1,424**	

Statutory Balance Sheet
(In 000s)

		September 2026	December 2025	
1				1
2	**Admitted Assets**			2
3	Cash and short term investments	268,050	219,456	3
4	Premiums receivable & other	25,395	26,784	4
5	Assessment receivable	48	48	5
6	Amounts recoverable from reinsurers	2,212	1,110	6
7	Other Assets	427	572	7
8	**Total admitted assets**	**$ 296,131**	**$ 247,970**	8
9				9
10	**Liabilities, Surplus and other funds**			10
11	**Liabilities:**			11
12	Loss and Loss adjustment expenses	30,418	27,017	12
13	Underwriting expenses payable	4,035	4,030	13
14	Unearned premiums, net of ceded unearned premiums	86,882	100,039	14
15	Ceded reinsurance premiums payable	47,517	41,070	15
16	Principal outstanding on line of credit advance	0	0	16
17	Interest payable on line of credit advance	0	0	17
18	Provision for reinsurance	120	120	18
19	Other payables	7,265	10,323	19
20	**Total liabilities**	**176,237**	**182,599**	20
21				21
22	**Surplus and others funds**			22
23	Unassigned surplus (deficit)	119,895	65,372	23
24	**Total liabilities, surplus and other funds**	**$ 296,131**	**$ 247,970**	24

Statement of Cash Flows
(In 000s)

	For the nine months ended September 30,		
	Actuals - 2026	**Budget - 2026**	**Variance - 2026**
Cash flows from operating activities:			
Premiums collected, net of reinsurance	$ 133,660	$ 171,835	$ (38,175)
Losses and loss adjustment expense paid [1] [2]	(58,701)	(54,947)	(3,754)
Underwriting expenses paid	(31,632)	(39,728)	8,097
Other	(741)	226	(968)
Net cash provided by operating activities	42,586	77,386	(34,800)
Cash flows from non-operating activities:			
Other (Member Assessment)	0	0	0
Net cash provided by non-operating activities	0	0	0
Cash flows from investing activities:			
Sales and maturities of investments	0	0	0
Net investment income	6,076	3,834	2,242
Net cash provided by investing activities	6,076	3,834	2,242
Cash flows from financing activities:			
Borrowed funds	0	0	0
Borrowed funds repaid	0	0	0
Interest Expense/Fees - Line of Credit Advance	(68)	(76)	7
Net cash provided by financing activities	(68)	(76)	7
Net increase (decrease) in cash and short-term investments	48,594	81,144	(32,551)
Cash and short-term investments, Beginning	219,456	219,456	0
Cash and short-term investments, Ending	**$ 268,050**	**$ 300,600**	**$ (32,551)**

[1] Direct Beryl Loss/LAE Payments	$ 3,261
[2] Direct Harvey Loss/LAE Payments	$ 10

Note: Beginning budgeted Cash and Short-term investments adjusted to actual for comparative purposes.

Cash and Short-Term Investments
(In 000s)

Unrestricted Cash and Short Term Investments ($ in 000s)
September 30, 2026

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 Superior or Strong	N.A. Tier 1 Capital Ratio	N.A. Regulatory Capital	Are funds in excess of the N.A. Regulatory Capital? > .2% of N.A. Reg Capital
							< 40%		> 10%	> $25B	
Balances as of 09/30/2026:											
Bank of America	$ 10,906	0	$ 10,906	0	0	0.0%	4%	Superior	12.1%	$187	No
JPMorgan Chase	0	$ 18,303	18,303	$ 33,757	$ 123	1.5%	7%	Superior	15.0%	$303	No
JP Morgan U.S. Treasury Plus Money Market Fund [(1)]	0	83,030	83,030	82,772	750	3.6%	31%	N/A	N/A	N/A	N/A
JP Morgan Goldman Sachs [(1)]	0	52,442	52,442	52,279	472	3.6%	20%	N/A	N/A	N/A	N/A
Fidelity Treasury [(1)]	0	103,369	103,369	98,949	912	3.7%	39%	N/A	N/A	N/A	N/A
Total of all financial institutions	**$ 10,906**	**$ 257,144**	**$ 268,050**	**$ 267,756**	**$ 2,256**	**3.4%**	**100%**				
Balances as of 06/30/2026:											
Bank of America	$ 8,711	0	$ 8,711	0	0	0.0%	3%	Superior	12.2%	$187	No
JPMorgan Chase	0	$ 18,535	18,535	$ 35,603	$ 127	1.4%	7%	Superior	15.1%	$296	No
JP Morgan U.S. Treasury Plus Money Market Fund [(1)]	0	82,291	82,291	76,795	676	3.5%	33%	N/A	N/A	N/A	N/A
JP Morgan Goldman Sachs [(1)]	0	51,977	51,977	51,824	454	3.5%	21%	N/A	N/A	N/A	N/A
Fidelity Treasury [(1)]	0	88,457	88,457	77,744	690	3.6%	35%	N/A	N/A	N/A	N/A
Total of all financial institutions	**$ 8,711**	**$ 241,260**	**$ 249,971**	**$ 241,966**	**$ 1,948**	**3.2%**	**100%**				

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

Bank credit rating, Tier 1 Capital Ratios, and Regulatory Capital were reviewed with the latest financial information available as of June 30, 2026. Rates, ratios and regulatory capital are comparable and consistent with year end National Association (N.A.) results.

Historical Data
($ In 000s)

2003 - 2026
($ with 000s omitted)

	GROSS					NET					
YEAR	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	SURPLUS OR (DEFICIT) END OF PERIOD
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	11,471,201	66,512	9.2% (f)	75,648	34,070	49,414	34,070	19,050	(3,705)		2,105
2022	11,301,744	61,452	7.3% (g)	76,881	27,146	45,620	27,146	19,033	(559)		1,451
2023	16,275,783	72,626	9.8% (h)	113,460	47,339	53,316	49,839	23,917	(20,439)		(17,655)
2024	32,930,398	113,860	9.9% (i)	237,277	183,906	99,261	120,364	41,652	(62,764)	17,655	(60,144)
2025	40,419,648	127,835	14.1% (j)	300,094	81,972	174,503	68,723	42,520	63,260	60,144	65,372
2026	34,926,530	112,450	2.6% (k)	199,046	60,595	138,846	61,000	30,189	47,658		119,895
TOTAL				$ 2,647,347	$ 1,497,042	$ 1,673,940	$ 1,119,355	$ 582,308	$ (27,732)	$ 132,740	

(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
(f) Effective August 1, 2021
(g) Effective August 1, 2022
(h) Effective August 1, 2023
(i) Effective August 1, 2024
(j) Effective August 1, 2025
(k) Effective September 1, 2026
*2026 data through 09/30/2026

4C. Review/Approval of 2027 Budget

Texas FAIR Plan Association

2027 Budget Presentation to Governing Committee

November 9, 2026

TFPA 2027 Proposed Budget - Income Statement
(In 000s)

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

TEXAS FAIR PLAN ASSOCIATION

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

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

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

TFPA 2027 Proposed Budget

Expenses

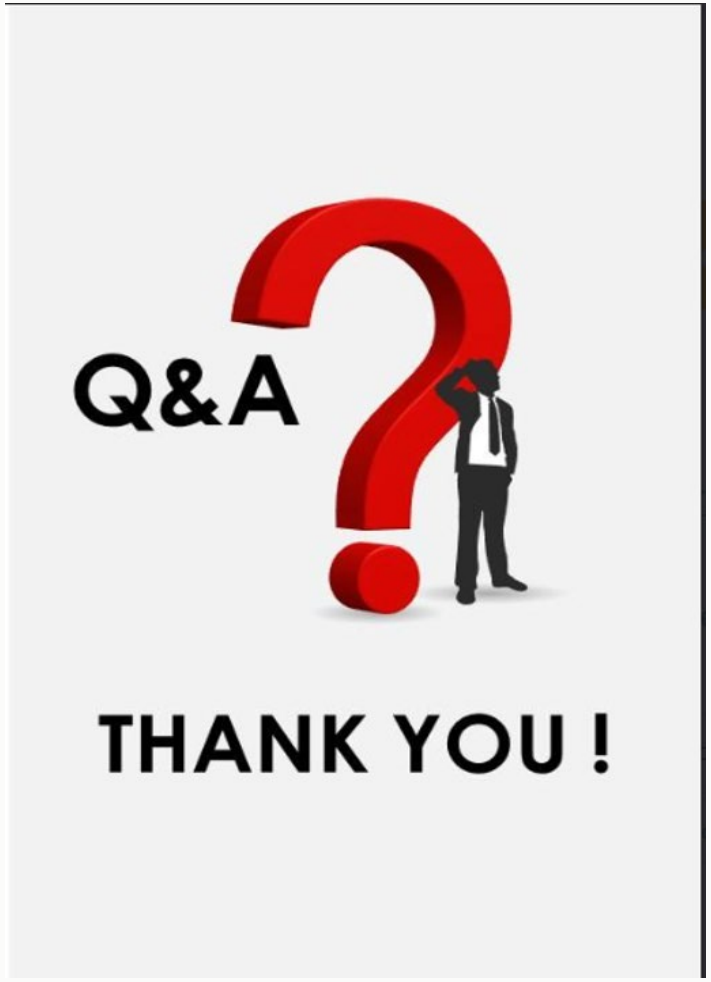
TFPA All Expenses Summary (In $ 000s)

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

Consolidated Headcount Summary – TWIA/TFPA

	A	B	C	D	
	Headcount	**FINAL Proposed 2027 Budget**	**2027 Budget Workshop October 8**	**Change**	
1	FTE	287	287	0	1
2	Contractors	50	51	(1)	2
3	**Total**	**337**	**338**	**(1)**	3

Questions & Discussion



5. Actuarial
5A. Policy Counts/Exposures

Executive Summary

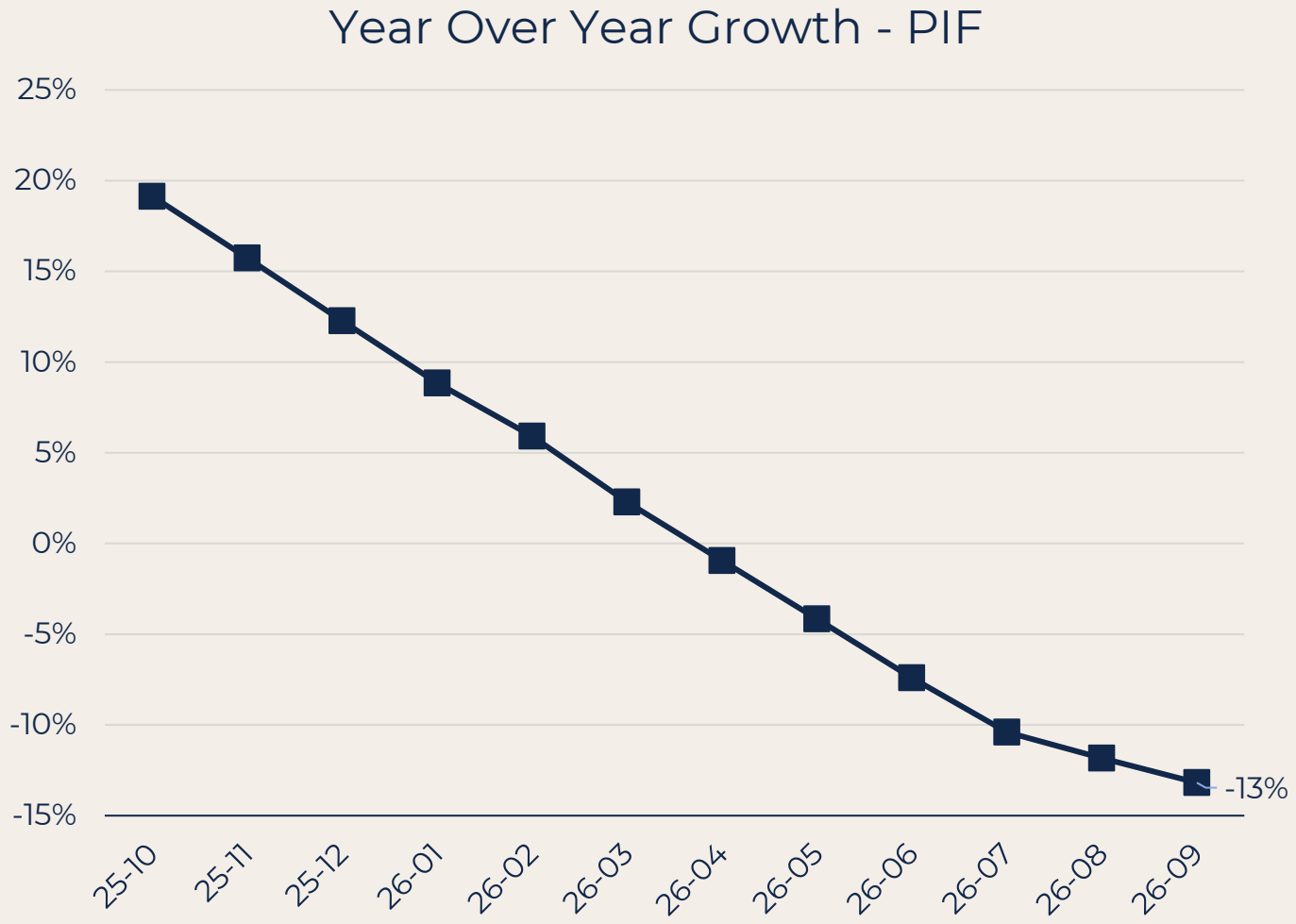
- PIF and TIV down from last year
- Negative growth projected to continue through 2026
- **New Policy Issuances**: Down 45% year-over-year
- **Retention Rate**: 66%
- Modest growth in Tier 1 counties while reduction in Tier 2 and other counties

TFPA		
	09/30/2026	YOY Growth
Policies In-Force	112,450	-13%
Total Insured Value	34.9B	-15%
YTD Written Premium	199.0M	-17%

Detailed reports available under Liability Reports in the Financials and Reports section of the TFPA website at: https://www.texasfairplan.org/about-us/#financials-reports

YOY Summary

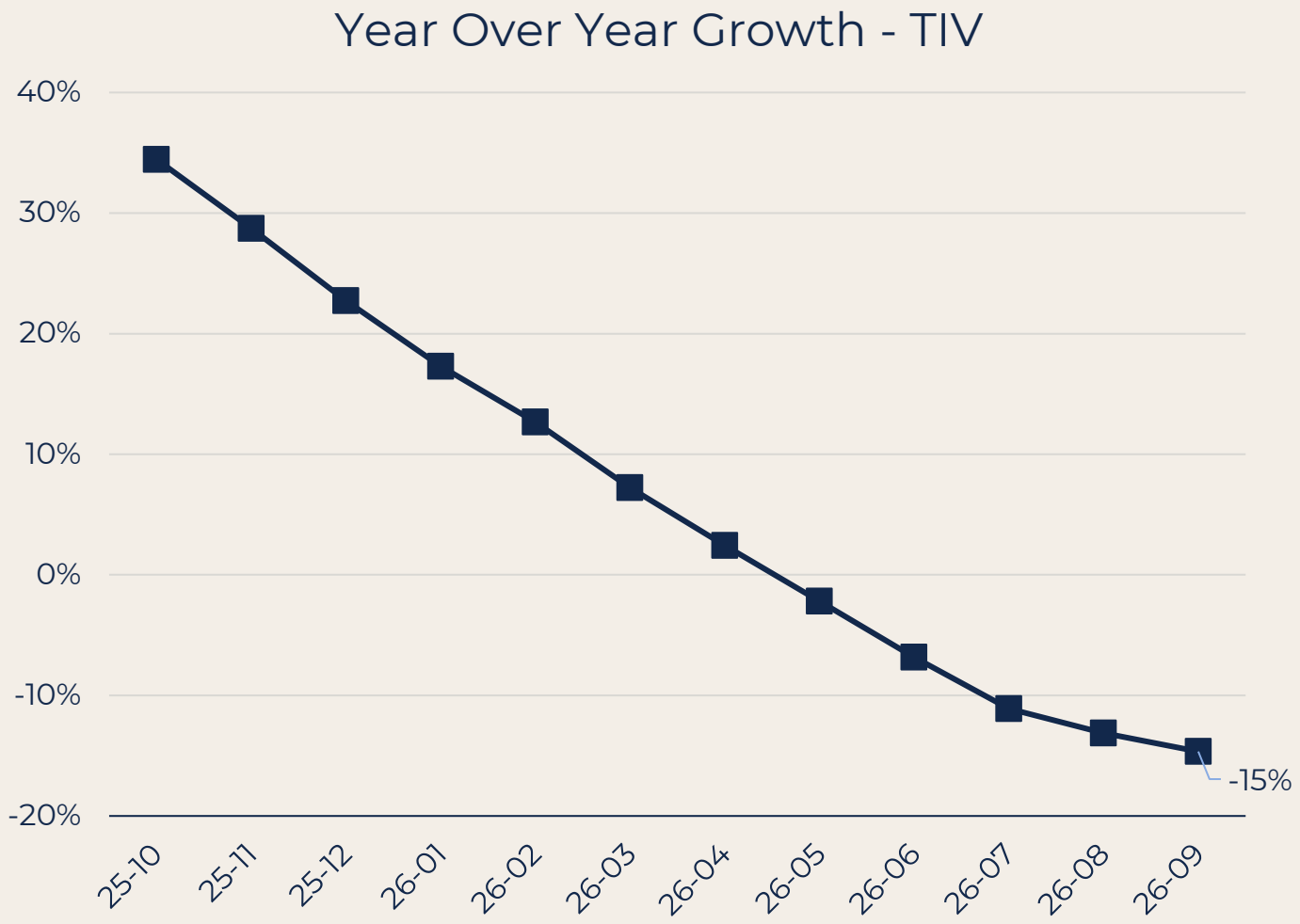
- **PIF YoY change continues its decrease into negative territory, declining to -13% by September**



Year/Month	2025-10	2025-11	2025-12	2026-01	2026-02	2026-03	2026-04	2026-05	2026-06	2026-07	2026-08	2026-09
PIF	129,180	128,494	127,835	126,869	125,969	124,445	122,668	120,660	118,486	116,101	114,351	112,450

YOY Summary

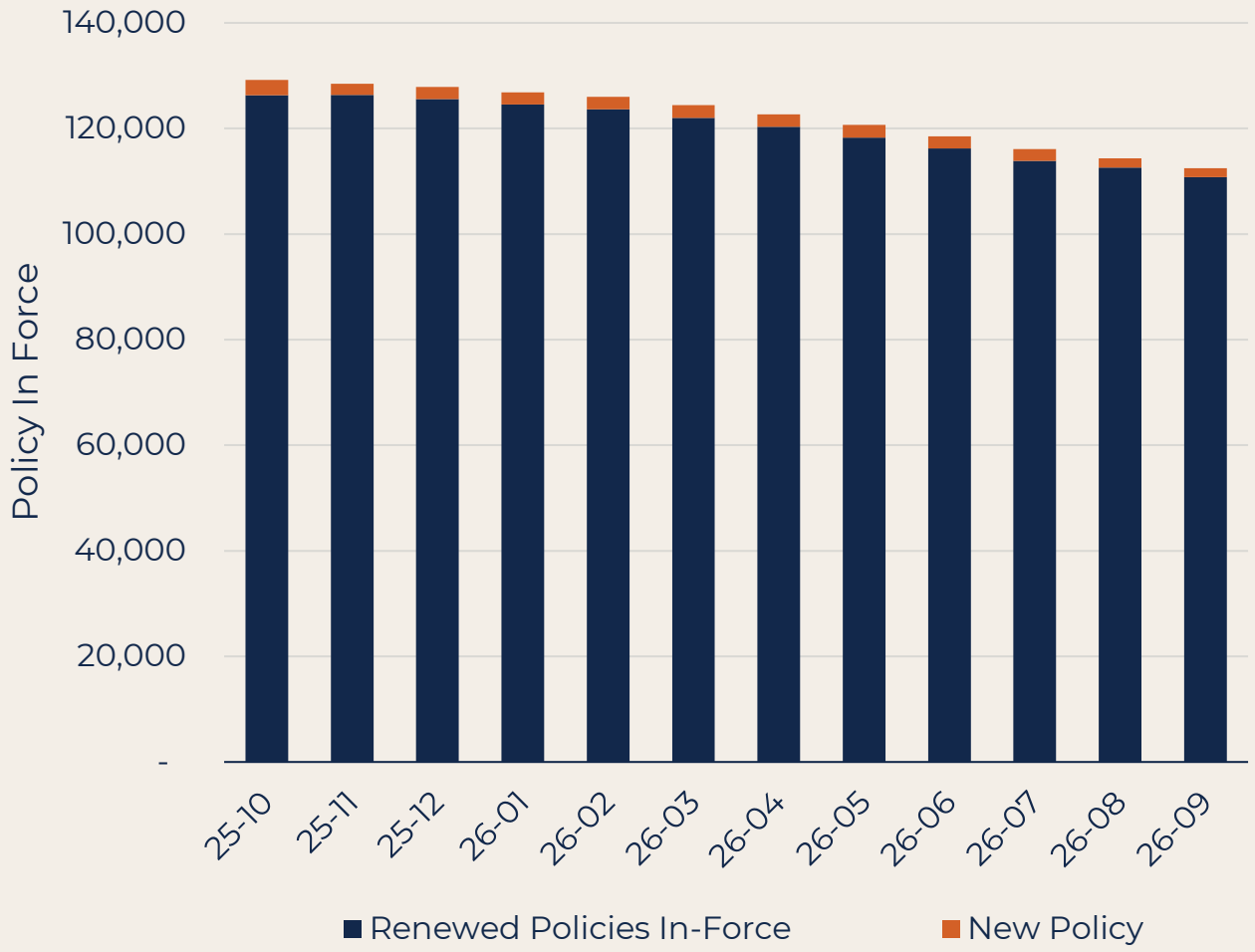
- **TIV YoY change is also in negative territory, declining to -15% by September**



Year/Month	2025-10	2025-11	2025-12	2026-01	2026-02	2026-03	2026-04	2026-05	2026-06	2026-07	2026-08	2026-09
TIV (000,000s)	40,909	40,688	40,420	40,055	39,745	39,201	38,583	37,857	37,072	36,151	35,523	34,927

New Business versus Renewal

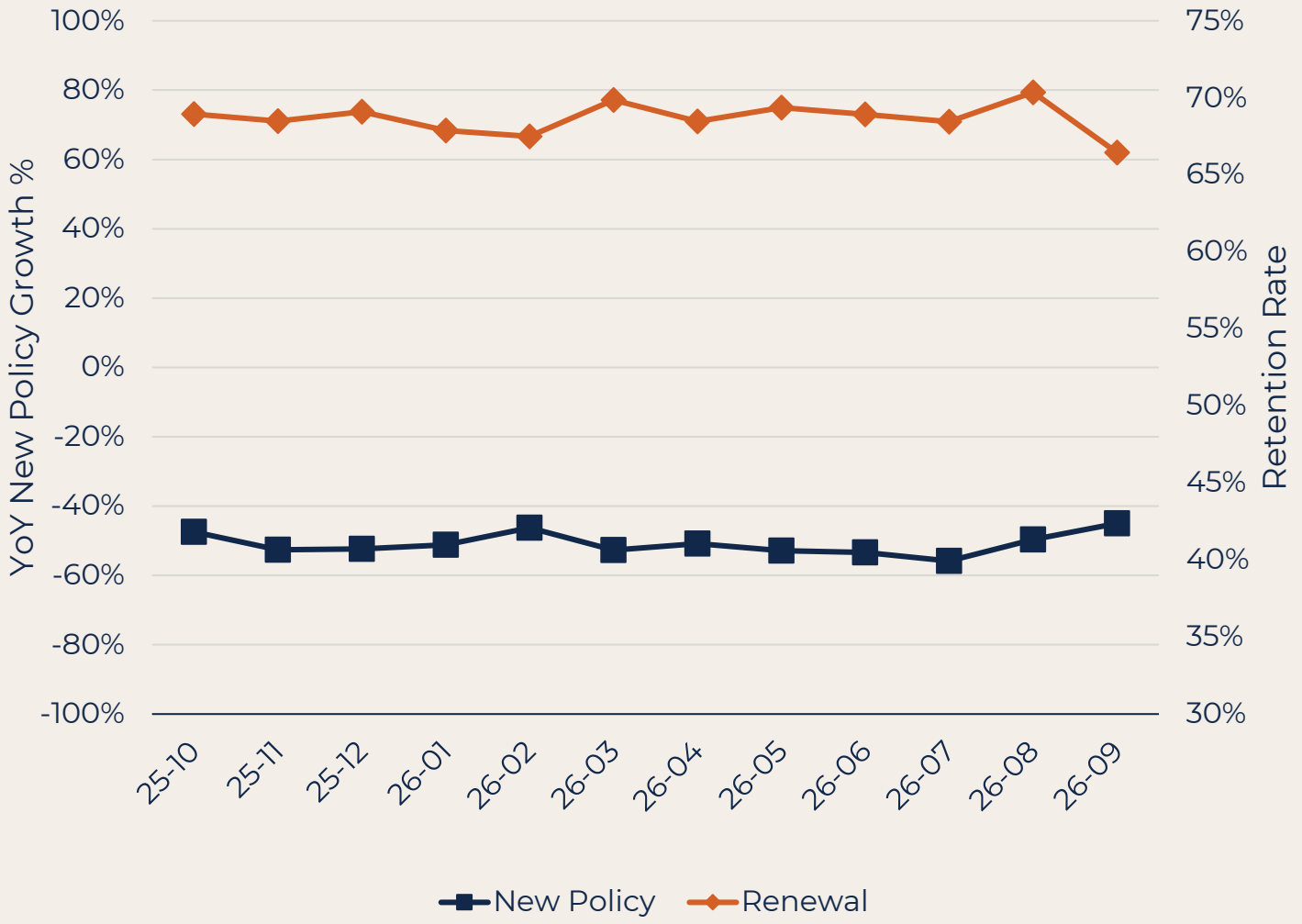
- **New policies account for roughly 1.5% of total PIF each month**



Year/Month	2025-10	2025-11	2025-12	2026-01	2026-02	2026-03	2026-04	2026-05	2026-06	2026-07	2026-08	2026-09
New Policy	2,906	2,115	2,251	2,322	2,308	2,454	2,346	2,365	2,282	2,222	1,745	1,665
Renewal	126,274	126,379	125,584	124,547	123,661	121,991	120,322	118,295	116,204	113,879	112,606	110,785

New Business versus Renewal

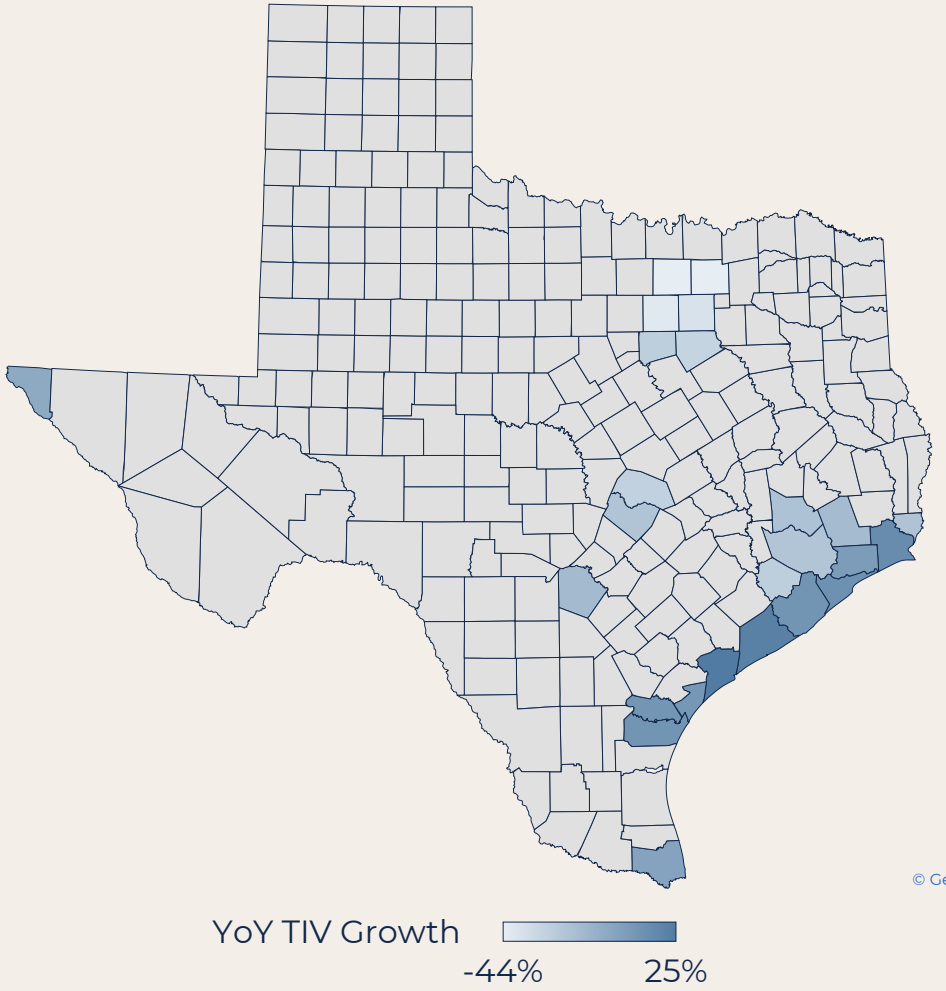
- **New policy issuance is down 45% YoY**
- **Retention rate of 66%**



TIV Growth by County

- **Statewide growth of -15%**
  - **Tier 1: +11%**
  - **Tier 2: -21%**
  - **All other: -26%**

Top 10 County	TIV (in millions)	YoY Growth %
Harris	13,987	-19.9%
Galveston	3,868	11.2%
Fort Bend	2,576	-25.2%
Brazoria	2,526	9.2%
Jefferson	1,771	14.2%
El Paso	1,540	-3.5%
Dallas	1,104	-37.3%
Tarrant	830	-41.7%
Nueces	725	9.1%
Montgomery	704	-18.1%



5B. Reserve Adequacy

TEXAS FAIR PLAN ASSOCIATION

MEMORANDUM

DATE: October 26, 2026

TO: David Durden
General Manager

FROM: James Murphy, FCAS, MAAA
Chief Actuary, Vice President – Enterprise Analytics

RE: TFPA Reserve Adequacy as of September 30, 2026

TFPA actuarial staff has completed a review of Texas FAIR Plan Association loss and loss adjustment expense reserves as of September 30, 2026.

As of September 30, 2026, TFPA carried $39.8 million in total gross loss and loss adjustment expense reserves with $9.4 million of the total gross loss and expense 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.

Based on this review, the estimate of ultimate gross loss & expense associated with Hurricane Beryl remains unchanged at $122 million. TFPA actuarial staff will continue to monitor the development of claims associated with this event and update the ultimate estimate as necessary going forward. The selected ultimate gross loss & expense estimate for Hurricane Harvey has been reduced slightly to $82.1 million.

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.

JM

5C. Annual Rate Review

TEXAS FAIR PLAN ASSOCIATION

TFPA Governing Committee

2026 Rate Indications

November 9, 2026

TEXAS FAIR PLAN ASSOCIATION

Contents

- Actuarial Principles
- Statutory Language
- Recent Legislative Changes
- Rate Adequacy Methodology
- Rate Adequacy Analysis
- Reconciliation of Changes in Rate Indications
- Historical Rate Indications vs Rate Changes

TEXAS FAIR PLAN ASSOCIATION

Actuarial Principles

Casualty Actuarial Society Statement of Principles

1. A rate is an estimate of the expected value of future costs
2. A rate provides for all costs associated with the transfer of risk
3. A rate provides for the costs associated with an individual risk transfer
4. A rate is reasonable and not excessive, inadequate, or unfairly discriminatory if it is an actuarially sound estimate of the expected value of all future costs associated with an individual risk transfer

TEXAS FAIR PLAN ASSOCIATION

Statutory Language

Section. 2211.056 FILING AND APPROVAL OF RATES

(a) The association shall file with the commissioner for approval the proposed rates and supplemental rate information to be used in connection with the issuance of insurance policies or endorsements.

(b) The association shall set rates in an amount sufficient to:

(1) carry all claims to maturity; and

(2) meet the expenses incurred in the writing and servicing of the business.

(c) Not later than the 60th day after the date the association files the proposed rates, the commissioner shall enter an order approving or disapproving, wholly or partly, the proposed rates. The commissioner may, on notice to the association, extend the period for entering an order under this section an additional 30 days.

TEXAS FAIR PLAN ASSOCIATION

Recent Legislative Changes

House Bill 2517

Exempts TWIA and TFPA from premium and maintenance taxes

Rate Adequacy Methodology

TFPA employs the "Loss Ratio Method" to determine rate level indications

- This approach compares the estimated percentage of each premium dollar needed to cover future losses, loss adjustment expense and other fixed expenses for a prospective accident year to the amount of each premium dollar that is available to pay for such costs (referred to as the permissible loss ratio).
- This relationship is defined as:

$$\text{Indicated Rate Change Factor} = \frac{\text{(Loss \& LAE Ratio + Fixed Expense Ratio)}}{\text{(1 – Variable Expense Ratio)}}$$

TEXAS FAIR PLAN ASSOCIATION

Rate Adequacy Methodology (continued)

- **The Loss and LAE Ratio includes provisions for:**
  - Hurricane losses and loss adjustment expenses
  - Non-hurricane losses and loss adjustment expenses

- **The Fixed Expense Ratio includes:**
  - General operating expenses
  - Net cost of reinsurance
    (total premiums less expected average annual recoveries)

- **The Variable Expense Ratio includes:**
  - Commissions, taxes, licenses and fees
  - Stabilization fund

TEXAS FAIR PLAN ASSOCIATION

2026 Rate Adequacy Analysis

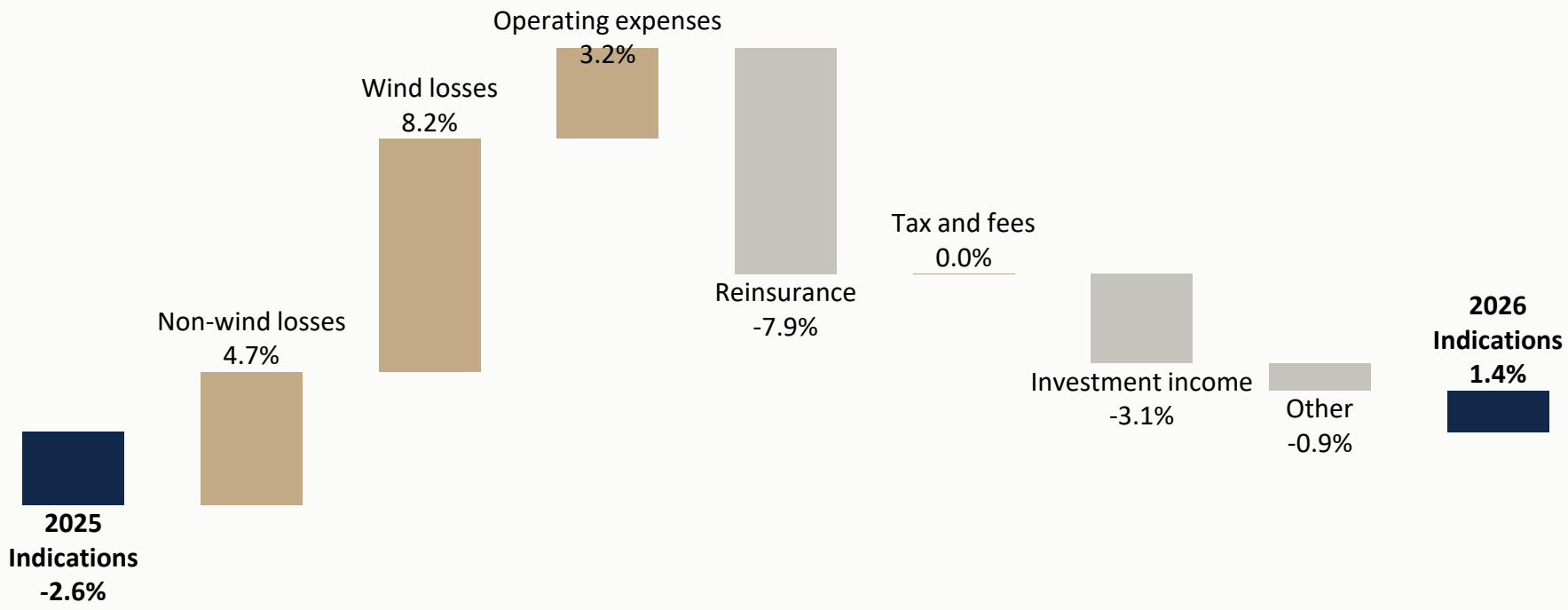
	HO-A			Tenants			Condo		
Rate Element	2025 Review	**2026 Review**	2026 vs. 2025	2025 Review	**2026 Review**	2026 vs. 2025	2025 Review	**2026 Review**	2026 vs. 2025
Non-Wind Loss Provision	10.2%	**13.8%**	3.7%	23.2%	**35.7%**	12.4%	35.4%	**39.8%**	4.4%
Wind Loss Provision									
Experience	40.8%	**47.3%**	6.5%	7.2%	**12.1%**	4.9%	9.5%	**11.8%**	2.3%
Modeled	21.9%	**28.2%**	6.3%	7.5%	**11.3%**	3.8%	10.8%	**12.0%**	1.2%
Combined	31.4%	**37.8%**	6.4%	7.3%	**11.9%**	4.6%	9.8%	**11.8%**	2.0%
Total Loss Provision	41.5%	**51.6%**	10.0%	30.5%	**47.5%**	17.0%	45.2%	**51.6%**	6.4%
Fixed Expenses									
Operating	5.8%	**8.3%**	2.5%	5.8%	**8.3%**	2.5%	5.8%	**8.3%**	2.5%
Reinsurance	25.9%	**19.7%**	-6.2%	13.5%	**5.7%**	-7.8%	18.5%	**8.8%**	-9.7%
Total	31.7%	**28.0%**	-3.7%	19.3%	**14.0%**	-5.3%	24.3%	**17.1%**	-7.2%
Total Loss Provision plus Fixed Expenses	73.2%	**79.6%**	6.3%	49.8%	**61.5%**	11.7%	69.5%	**68.7%**	-0.8%
Variable Expenses									
Commissions	11.4%	**10.6%**	-0.8%	11.4%	**10.6%**	-0.8%	11.4%	**10.6%**	-0.8%
Taxes and Fees	0.0%	**0.0%**	0.0%	0.0%	**0.0%**	0.0%	0.0%	**0.0%**	0.0%
Stabilization Fund	13.4%	**11.0%**	-2.5%	13.4%	**11.0%**	-2.5%	13.4%	**11.0%**	-2.5%
Total Variable Expenses	24.8%	**21.6%**	-3.2%	24.8%	**21.6%**	-3.2%	24.8%	**21.6%**	-3.2%
Permissible Loss Ratio	75.2%	**78.4%**	3.2%	75.2%	**78.4%**	3.2%	75.2%	**78.4%**	3.2%
Rate Indication	-2.6%	**1.4%**	4.0%	-33.7%	**-21.5%**	12.2%	-7.5%	**-12.4%**	-4.9%

TEXAS FAIR PLAN ASSOCIATION

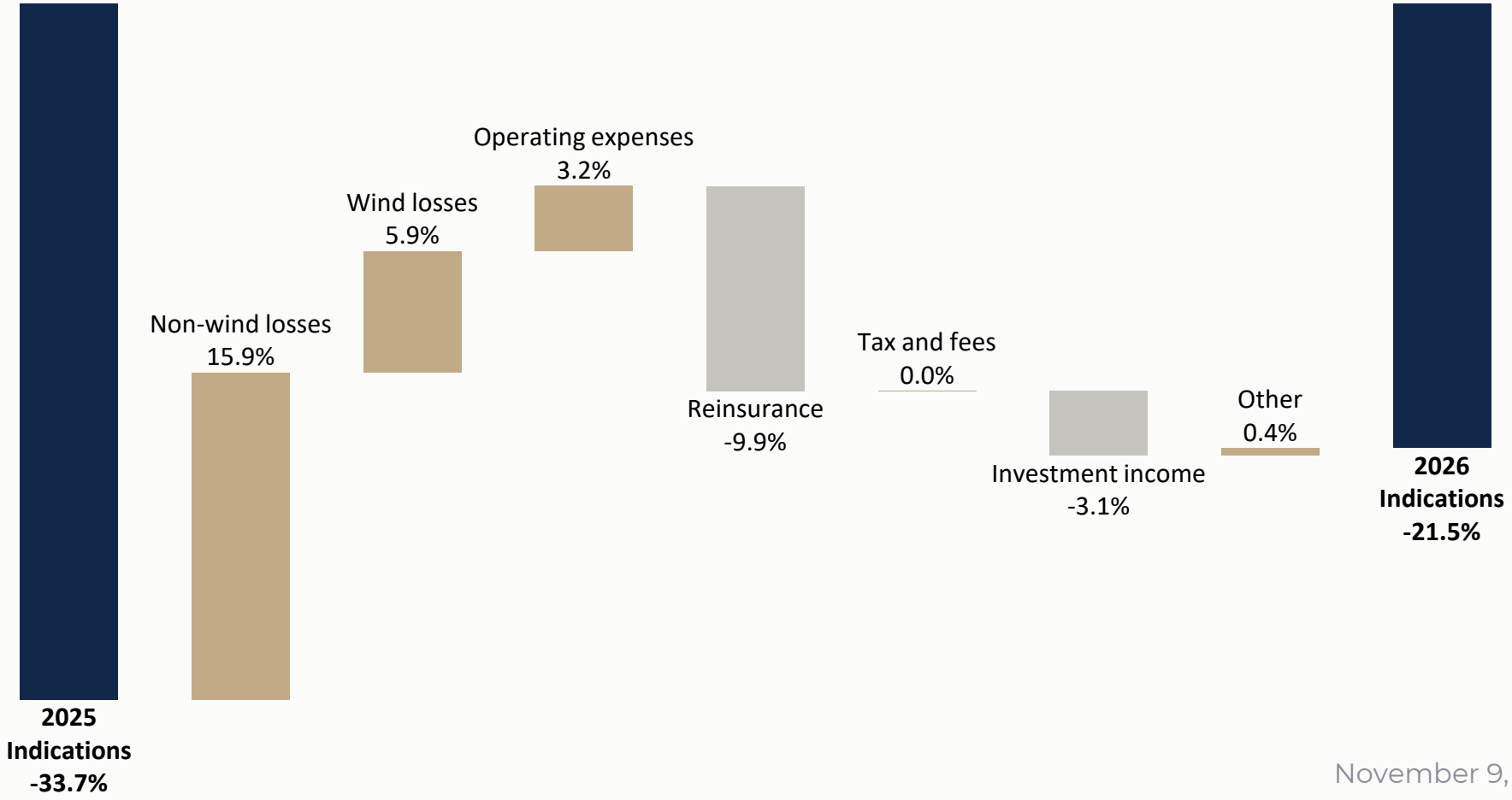
2026 Rate Adequacy Analysis (continued)

Rate Element	Dwelling (Fire) 2025 Review	Dwelling (Fire) **2026 Review**	Dwelling (Fire) 2026 vs. 2025	Dwelling (EC) 2025 Review	Dwelling (EC) **2026 Review**	Dwelling (EC) 2026 vs. 2025
Non-Wind Loss Provision				2.2%	**0.9%**	-1.3%
Wind Loss Provision						
Experience				63.1%	**51.0%**	-12.1%
Modeled				35.8%	**37.9%**	2.1%
Combined				49.5%	**44.5%**	-5.0%
Total Loss Provision	35.7%	**33.7%**	-2.0%	51.6%	**45.3%**	-6.3%
Fixed Expenses						
Operating	5.8%	**8.3%**	2.5%	5.8%	**8.3%**	2.5%
Reinsurance	36.3%	**21.3%**	-15.0%	36.3%	**21.3%**	-15.0%
Total	42.1%	**29.6%**	-12.5%	42.1%	**29.6%**	-12.5%
Total Loss Provision plus Fixed Expenses	77.8%	**63.3%**	-14.5%	93.7%	**74.9%**	-18.8%
Variable Expenses						
Commissions	11.4%	**10.6%**	-0.8%	11.4%	**10.6%**	-0.8%
Taxes and Fees	0.0%	**0.0%**	0.0%	0.0%	**0.0%**	0.0%
Stabilization Fund	13.4%	**11.0%**	-2.5%	13.4%	**11.0%**	-2.5%
Total Variable Expenses	24.8%	**21.6%**	-3.2%	24.8%	**21.6%**	-3.2%
Permissible Loss Ratio	75.2%	**78.4%**	3.2%	75.2%	**78.4%**	3.2%
Rate Indication	3.5%	**-19.3%**	-22.8%	24.7%	**-4.4%**	-29.1%

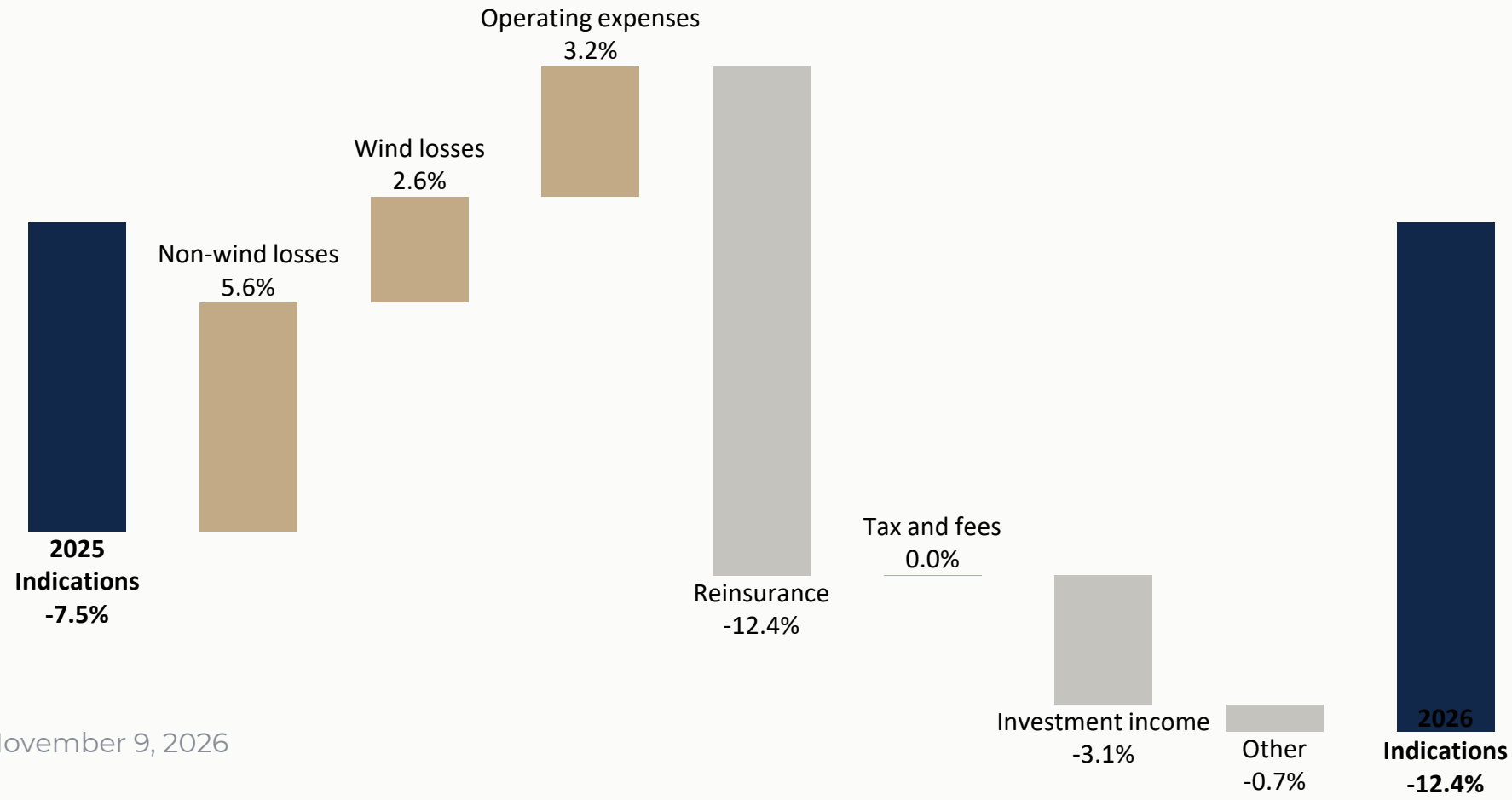
Reconciliation of Change in Rate Indications
HO-A



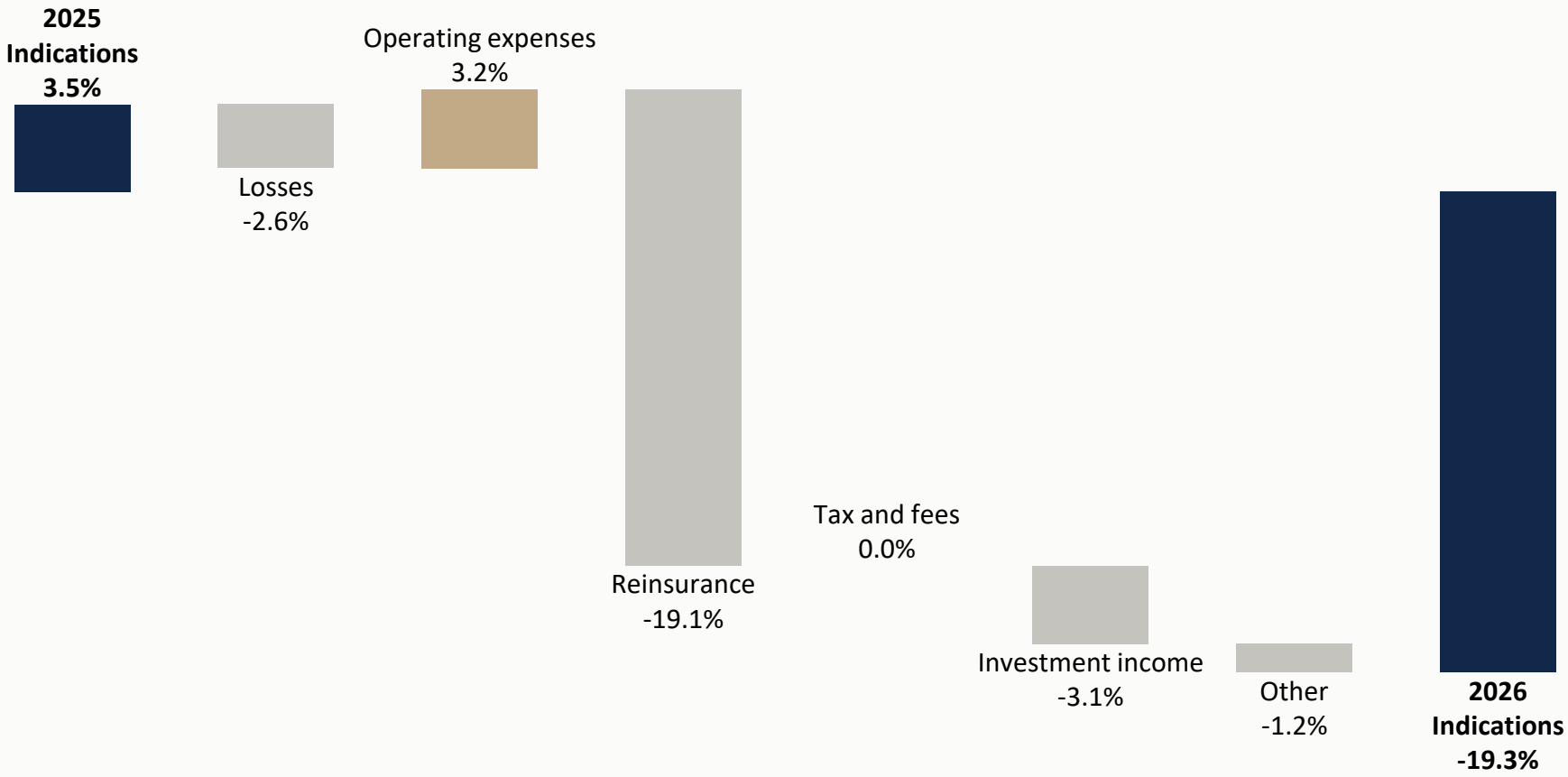
Reconciliation of Change in Rate Indications Tenants



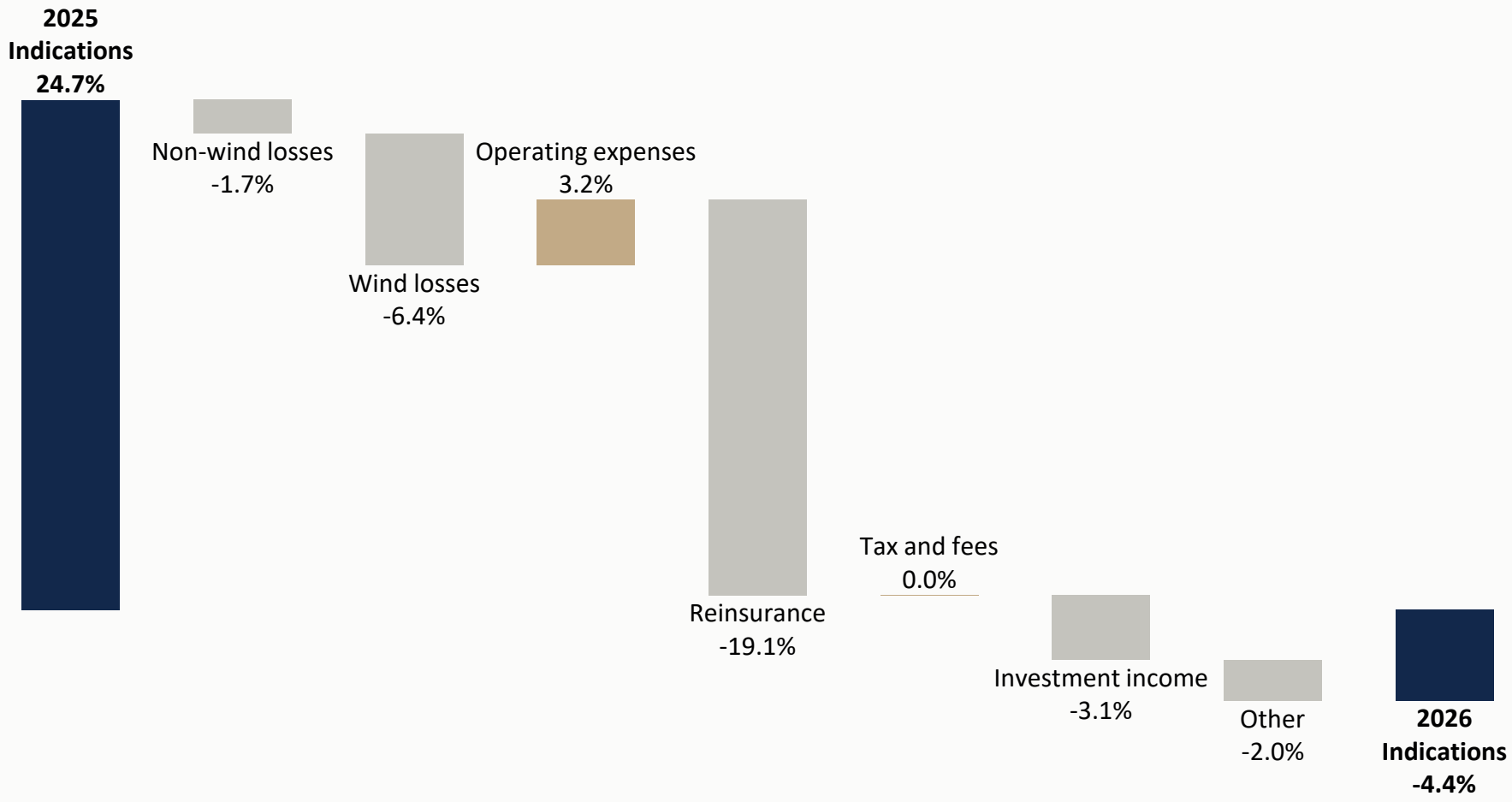
Reconciliation of Change in Rate Indications Condo



Reconciliation of Change in Rate Indications Dwelling (Fire)

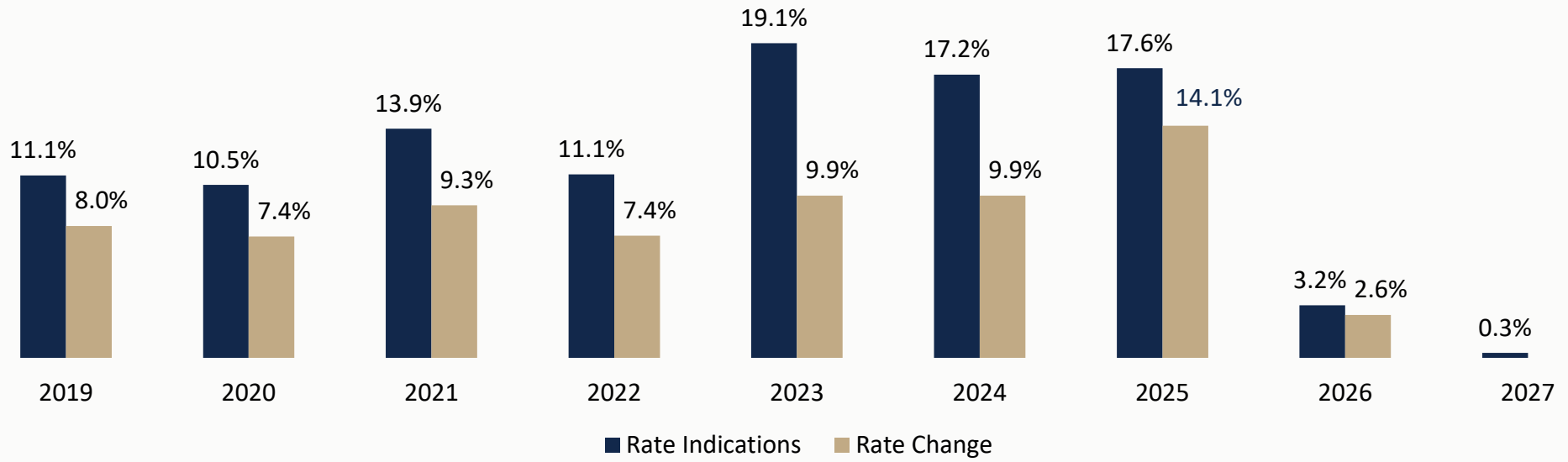


Reconciliation of Change in Rate Indications Dwelling (EC)



TEXAS FAIR PLAN ASSOCIATION

Rate Indications vs. Rate Changes



TEXAS FAIR PLAN ASSOCIATION

Capped and Uncapped Indications by Territory

Homeowners	Uncapped	15%	25%
Central North - Greater DFW	11.0%	11.0%	11.0%
Central North - Remainder	24.8%	15.0%	24.8%
Central South	2.5%	2.5%	2.5%
North/Northwest	19.7%	15.0%	19.7%
Seacoast - Tier 1	-2.6%	-2.6%	-2.6%
Seacoast - Tier 2	-0.4%	-0.4%	-0.4%
Overall Statewide	1.4%	1.2%	1.4%

Tenants	Uncapped	15%	25%
Central North - Greater DFW	-30.9%	-15.0%	-25.0%
Central North - Remainder	-35.7%	-15.0%	-25.0%
Central South	-35.4%	-15.0%	-25.0%
North/Northwest	-36.5%	-15.0%	-25.0%
Seacoast - Tier 1	-41.0%	-15.0%	-25.0%
Seacoast - Tier 2	-10.7%	-10.7%	-10.7%
Overall Statewide	-21.5%	-12.4%	-16.3%

Condo	Uncapped	15%	25%
Central North - Greater DFW	-19.1%	-15.0%	-19.1%
Central North - Remainder	-24.8%	-15.0%	-24.8%
Central South	-10.1%	-10.1%	-10.1%
North/Northwest	-27.6%	-15.0%	-25.0%
Seacoast - Tier 1	-31.8%	-15.0%	-25.0%
Seacoast - Tier 2	-8.7%	-8.7%	-8.7%
Overall Statewide	-12.4%	-9.9%	-11.5%

TEXAS FAIR PLAN ASSOCIATION

Capped and Uncapped Indications by Territory

Dwelling (Fire)	Uncapped	15%	25%
Central North - Greater DFW	-19.3%	-15.0%	-19.3%
Central North - Remainder	-19.3%	-15.0%	-19.3%
Central South	-19.3%	-15.0%	-19.3%
North/Northwest	-19.3%	-15.0%	-19.3%
Seacoast - Tier 1	-19.3%	-15.0%	-19.3%
Seacoast - Tier 2	-19.3%	-15.0%	-19.3%
Overall Statewide	-19.3%	-15.0%	-19.3%

Dwelling (EC)	Uncapped	15%	25%
Central North - Greater DFW	33.4%	15.0%	25.0%
Central North - Remainder	24.8%	15.0%	24.8%
Central South	16.7%	15.0%	16.7%
North/Northwest	14.0%	14.0%	14.0%
Seacoast - Tier 1	-29.6%	-15.0%	-25.0%
Seacoast - Tier 2	-8.6%	-8.6%	-8.6%
Overall Statewide	-4.4%	-5.8%	-5.0%

TEXAS FAIR PLAN ASSOCIATION

Questions

6. Internal Audit Status Update

Texas FAIR Plan Association
Proposed Internal Audit Plan

MEMORANDUM

TO: The Governing Committee – Texas FAIR Plan Association
FROM: Dan Graves, Weaver - Internal Audit
DATE: November 9, 2026
SUBJECT: Status of Internal Audit Activities

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

- **Upcoming Audits and Activities:**

Activity Description	Status
Accounts Payable	Reporting
Follow-Up Procedures	In progress
Underwriting and Policy Services	Reporting
Cash Management – Limited Annual Procedures	Reporting
Risk Assessment Update	In progress

- **Summary of Open Findings:**

Weaver will perform validation procedures to evaluate whether corrective actions taken by management sufficiently remediate the following open findings:

Actuarial 2023

- Document management review of the Schedule P reconciliation and establish defined variance thresholds
- Establish and retain documented evidence of management review and approval of quarterly IBNR calculations prior to financial posting.

7. Underwriting Operational Review Update

TEXAS FAIR PLAN ASSOCIATION

MEMORANDUM

DATE: October 15, 2026

TO: David Durden, General Manager

FROM: Michael Ledwik, Vice President, Underwriting

RE: Update on Underwriting Operational Results

Third Quarter 2026 Results

TFPA Underwriting Metrics	Monthly Summary				Quarterly Summary				YTD		
	Jul-26	Aug-26	Sep-26		Q1 2026	Q2 2026	Q3 2026		2026	2026	▲
% of New Business/Renewal policies issued in 10 Days	99.96%	99.97%	100.00%		99.98%	99.94%	99.98%		99.97%	90%	9.97
New Business Policies Issued	2,374	1,857	1,775		7,577	7,337	6,006		20,920		
Renewal Policies Issued	10,232	8,394	7,521		24,163	29,424	26,147		79,734		
Internal Underwriting Quality Control	97.00%	97.00%	99.00%		98.80%	99.00%	98.00%		98.60%	95%	3.6
Number of Calls	10,950	9,572	9,852		32,875	36,896	30,374		100,145		
Phone Service Level (calls answered in 20 seconds)	87.00%	87.00%	86.00%		89.33%	86.67%	86.67%		87.56%	80%	7.56

TFPA Agent Audit Executive Summary

Audit Impact

Audited Agencies represented a combined 360 policies in force, with an average agency size of 36 policies.

Regulatory Exposure

Deficiencies within Regulator Factors accounted for the majority of all findings, highlighting opportunities to improve documentation practices for eligibility verification.

Assessment Risk Area

Documentation practices represented the majority of the compliance issues found across the risk assessment areas.

Enforcement Action

No agency suspensions or enforcement actions were taken during the audit period.

Regulatory Factors

- Texas Administrative Code
- Texas Insurance Code
- Agent Requirements & Performance Standards
- Association Underwriting Guidelines

Sample Size

20 Agencies — 200 Policies

8. Claims
8A. Claims Operations

TFPA Claims Operations 2026

TFPA Claims - 2026 Q3 Results (year-to-date)					
Key Cycle Times (In days)	Industry Average, TX	TFPA	TFPA Plan	Variance to Plan	% Variance to Plan
Avg. Days - FNOL to TFPA Receipt - Daily	9.4	4.2	<7	-2.8	-40%
Avg. Days - FNOL to TFPA Receipt - Cat	9.4	4.4	<14	-9.6	-69%
Avg. Days - FNOL to ACV Payment - Daily	N/A	8.8	<12	-3.2	-27%
Avg. Days - FNOL to ACV Payment - CAT	N/A	7.8	<21	-13.2	-63%
TDI Complaint Ratio					
2025	0.38% - 23 complaints from 6,005 new claims				
2026	0.46% - 22 complaints from 4,809 new claims				

Year	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
Actual Volume	513	488	467	467	342	350	406	388	543	483	881	702	514	423	469
Actuarial Projected	342	580	475	472	361	511	724	249	1,130	483	2,770	452	1,052	253	227
Staffing Plan	546	546	546	546	546	546	682	682	682	682	682	682	682	682	682
Open Inventory	2,838	2,719	2,564	2,564	2,534	2,341	1,842	1,438	1,503	1,552	1,800	1,867	1,763	1,678	1,624

Historical TFPA Claim Volume	
Year	Claims
2005	5,581
2006	3,067
2007	4,039
2008	27,777
2009	3,640
2010	3,200
2011	4,200
2012	5,886
2013	5,974
2014	5,498
2015	9,387
2016	11,509
2017	24,096
2018	5,720
2019	6,950
2020	2,931
2021	9,471
2022	3,322
2023	4,694
2024	16,933
2025	6,005
2026	4,809

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
2022	98	-	71	-	62	-	718	-	1,934	-	3,185	-
2023	84	-14.3%	66	-7.0%	54	-12.9%	576	-19.8%	3,596	85.9%	4,684	47.1%
2024	137	63.1%	93	40.9%	68	25.9%	780	35.4%	16,197	350.4%	17,687	277.6%
2025	159	16.1%	71	-23.7%	74	8.8%	975	25.0%	3,993	-75.3%	5,706	-67.7%
2026	125	-	51	-	43	-	782	-	2,539	-	3,869	-

Paid Amounts by Peril

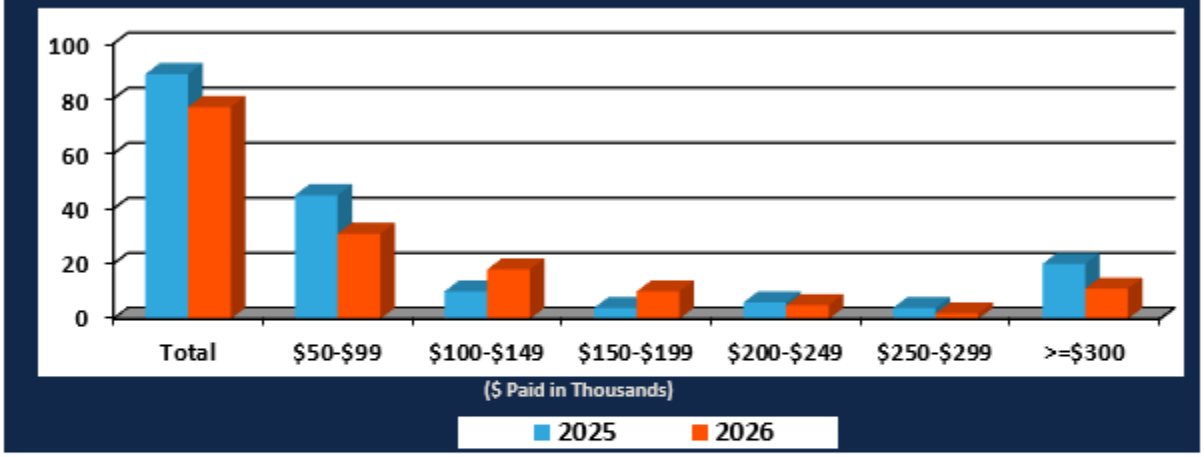
Year	Fire		Liability		Theft		Water		Wind / Hail		All Perils	
	Incurred	% Δ	Incurred	% Δ	Incurred	% Δ	Incurred	% Δ	Incurred	% Δ	Incurred	% Δ
2022	$ 7,043,987	-	$ 782,401	-	$ 188,149	-	$ 695,647	-	$ 10,602,091	-	$ 19,744,666	-
2023	$ 7,312,787	3.8%	$ 879,209	12.4%	$ 44,576	-76.3%	$ 648,871	-6.7%	$ 28,166,650	165.7%	$ 37,677,565	90.8%
2024	$ 11,864,572	62.2%	$ 686,478	-21.9%	$ 152,486	242.1%	$ 990,182	52.6%	$ 137,321,628	387.5%	$ 152,806,769	305.6%
2025	$ 18,313,030	54.4%	$ 208,586	-69.6%	$ 257,303	68.7%	$ 947,638	-4.3%	$ 35,920,293	-73.8%	$ 56,519,901	-63.0%
2026	$ 11,174,623	-	$ 59,233	-	$ 46,239	-	$ 562,874	-	$ 19,612,546	-	$ 32,184,746	-

Paid 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
2022	$ 71,877	-	$ 11,020	-	$ 3,035	-	$ 969	-	$ 5,482	-	$ 6,199	-
2023	$ 87,057	21.1%	$ 13,321	20.9%	$ 825	-72.8%	$ 1,127	16.3%	$ 7,833	42.9%	$ 8,044	29.8%
2024	$ 86,603	-0.5%	$ 7,381	-44.6%	$ 2,242	171.6%	$ 1,269	12.7%	$ 8,478	8.2%	$ 8,639	7.4%
2025	$ 115,176	33.0%	$ 2,938	-60.2%	$ 3,477	55.1%	$ 972	-23.4%	$ 8,996	6.1%	$ 9,905	14.7%
2026	$ 89,397	-	$ 1,161	-	$ 1,075	-	$ 720	-	$ 7,725	-	$ 8,319	-

*Paid amounts exclude loss adjustment expenses and IBNR reserves

TFPA - Large Loss Based On Paid Indemnity

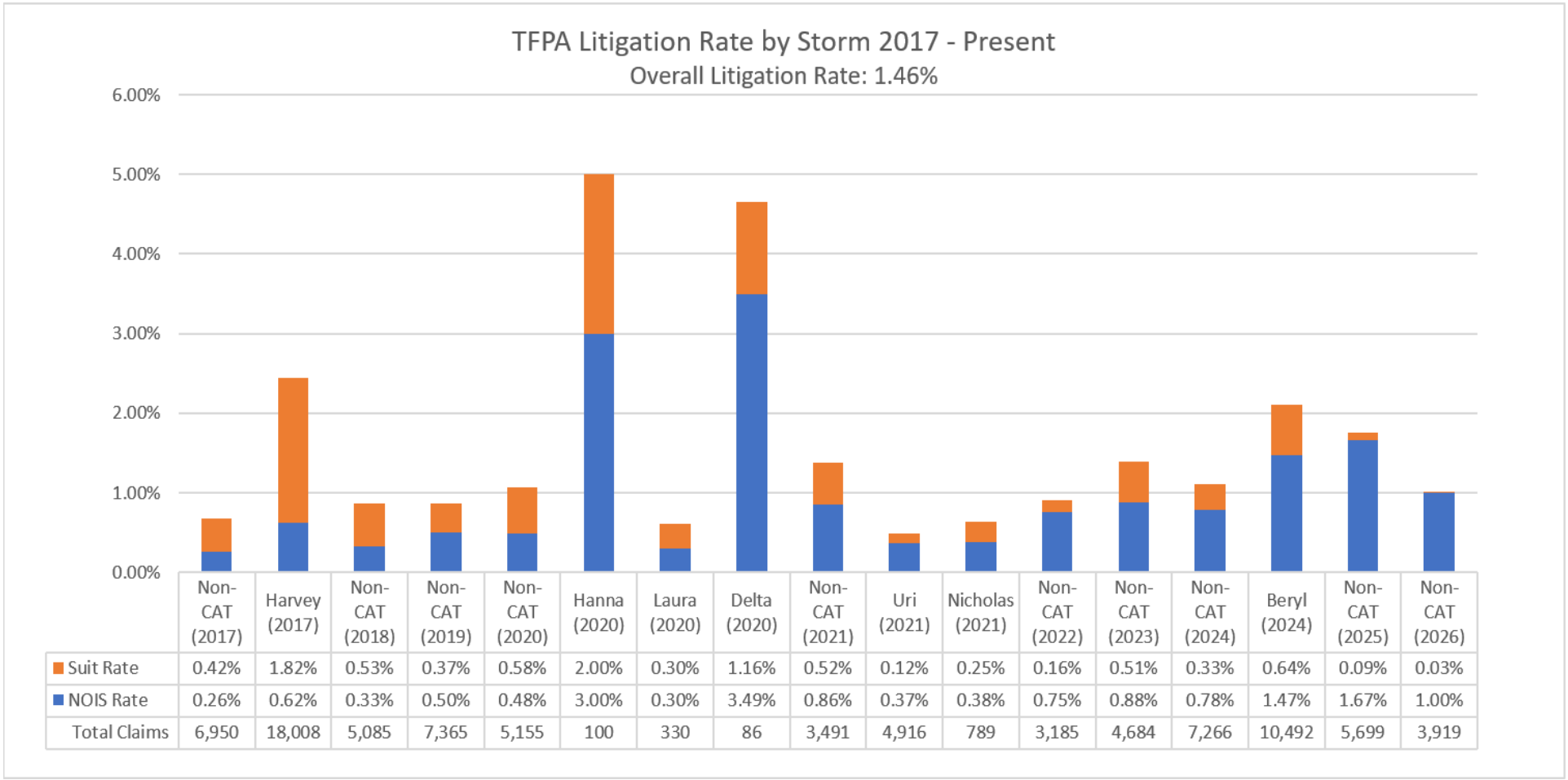


Date	Total	$50-$99	$100-$149	$150-$199	$200-$249	$250-$299	>=$300
2025 (complete year)	89	45	10	4	6	4	20
Liability	0	0	0	0	0	0	0
2026 (year-to-date)	77	31	18	10	5	2	11
Liability	0	0	0	0	0	0	0
Variance	-12	-14	8	6	-1	-2	-9

Origin of Fire	2023	2024	2025	2026	Total	%
Faulty wiring / outdated electrical	22	33	34	25	114	22.4%
Human Error (Not Cooking Related)	14	26	23	12	75	14.7%
Unknown Origin Of Fire	0	4	28	41	73	14.3%
Undetermined	7	16	12	14	49	9.6%
External Causes	10	10	16	6	42	8.2%
Cooking	8	12	9	10	39	7.6%
Other	5	6	14	12	37	7.3%
Product failure	6	16	10	3	35	6.9%
Arson / Incendiary / Intentional	6	5	6	0	17	3.3%
Heating Sources	3	6	1	4	14	2.7%
Natural Causes ? Lightning, Wildfire	2	1	4	1	8	1.6%
Flammable Liquids Accidental	1	2	2	2	7	1.4%
Grand Total	**84**	**137**	**159**	**130**	**510**	**100.0%**

8B. Litigation Summary

TFPA Litigation Summary



	Non-CAT (2017)	Harvey (2017)	Non-CAT (2018)	Non-CAT (2019)	Non-CAT (2020)	Hanna (2020)	Laura (2020)	Delta (2020)	Non-CAT (2021)	Uri (2021)	Nicholas (2021)	Non-CAT (2022)	Non-CAT (2023)	Non-CAT (2024)	Beryl (2024)	Non-CAT (2025)	Non-CAT (2026)
Suit Rate	0.42%	1.82%	0.53%	0.37%	0.58%	2.00%	0.30%	1.16%	0.52%	0.12%	0.25%	0.16%	0.51%	0.33%	0.64%	0.09%	0.03%
NOIS Rate	0.26%	0.62%	0.33%	0.50%	0.48%	3.00%	0.30%	3.49%	0.86%	0.37%	0.38%	0.75%	0.88%	0.78%	1.47%	1.67%	1.00%
Total Claims	6,950	18,008	5,085	7,365	5,155	100	330	86	3,491	4,916	789	3,185	4,684	7,266	10,492	5,699	3,919

*NOIS: Notice of Intent to Sue

TEXAS FAIR PLAN ASSOCIATION

TFPA Litigation Tracking Activity

Litigation Quarter Summary

Third Quarter 2026

3rd Quarter 2026	Summary of TFPA Claims in Suit						
		New		Settled		Closed	
		1st Party	3rd Party	1st Party	3rd Party	1st Party	3rd Party
	July	15	0	1	0	1	1
	August	9	0	0	0	2	0
	September	8	1	0	0	2	0
		32	1	1	0	5	1

3rd Quarter 2026	Summary of TFPA Claims with LORs						
		New		Settled		Closed	
		1st Party	3rd Party	1st Party	3rd Party	1st Party	3rd Party
	July	35	2	17	0	38	2
	August	37	1	4	0	27	1
	September	27	3	10	0	29	1
		99	6	31	0	94	4

TEXAS FAIR PLAN ASSOCIATION

TFPA Claims Litigation
September 2026

	TFPA Claims in Suit							
	Beginning Inventory	New		Closed		Ending Inventory		
		1st Party	3rd Party	1st party	3rd Party	1st Party	3rd Party	Total
Sep-26	75	8	1	2	0	72	10	82
	Breakdown							
	Normal	1	1	0	0			
	Beryl 2024	7	0	1	0			
	Houston 2023	0	0	1	0			

	TFPA Claims with LOR									
	Beginning Inventory	New		Closed		Converted to Suit		Ending Inventory		
		1st Party	3rd Party	1st party	3rd Party	1st party	3rd Party	1st Party	3rd Party	Total
Sep-26	266	27	3	29	1	7	0	242	17	259
	Breakdown									
	Normal	27	3	19	1	1	0			
	Beryl 2024	0	0	8	0	0	0			
	Houston 2023	0	0	2	0	0	0			

	TFPA Active Claims with Suits/LORs: Breakdown by CAT Event					
	Event	Total claims	Total Suits	Active Suits	Total LORs	Active LORS
Sep-26	Harvey 082517	18,008	320	1	170	0
	Valentines Freeze	4,917	8	0	58	0
	Houston 051624	1,702	6	2	17	3
	Beryl 2024	10,501	67	39	208	51

9. TFPA Operations
9A. IT System Enhancements

TEXAS WINDSTORM INSURANCE ASSOCIATION

TEXAS FAIR PLAN ASSOCIATION

MEMORANDUM

DATE: October 22, 2026

TO: David Durden, General Manager

FROM: Michael Eleftheriades, CIO / VP IT

RE: TFPA Information Technology Status

The following are key Projects that the Information Technology group is involved in:

Artificial Intelligence (AI)

- The Association has previously identified Artificial Intelligence as a technology for comprehensive attention in our Strategic Plans. A continuing AI Steering Committee was formed and is in place to govern, guide, and provide for the responsible adoption of Artificial Intelligence across the Association.

Authentication Software

- This project will replace the current on-premises authentication software, used for validation of registration and logins to the external portals (used by Agents and Policyholders), with a full-featured cloud-based customer identity solution. This project development phase was completed during Q3 2026 and deployment into production is on hold during the 2026 storm season. The target to go live is the end of Q4 2026.

General Status:

Systems are functioning well with monthly maintenance releases deployed with business-critical work items selected and curated by the respective departments. These monthly maintenance releases included several residual functional changes that support the 89th Texas Legislation session.

9B. Communications and Legislative Update

TEXAS FAIR PLAN ASSOCIATION

MEMORANDUM

DATE: October 21, 2026

TO: David Durden, General Manager

FROM: Anna Stafford, Director of Legislative & External Affairs

RE: Legislative & External Affairs Operational Highlights

I. Legislative & Regulatory Affairs

a) **Legislative Implementation Program:** Association staff continues efforts to implement bills enacted during last year's legislative session:

i. **Declinations, Cancellations, and Non-Renewals:** The Texas Department of Insurance (TDI) has published an online tool allowing the public to search geographic data on declinations, cancellations, and non-renewals reported by residential insurers under **House Bill 2067**, including FAIR Plan. The tool is expected to be updated quarterly with data provided by insurers.

TDI reported at the October 5 House Insurance Committee hearing *(see below)* that the rules related to statistical reporting requirements for commercial policies for the bill will be finalized by the end of the year, with reporting to begin in 2027.

ii. **Appraisals:** TDI reported at the October 5 House Insurance Committee hearing *(see below)* that the rules implementing the appraisal requirements of **Senate Bill 458** will be finalized by the end of the year. There has been no further public activity related to this proposed rule since TDI's June 5 hearing.

b) **Texas Legislature Interim Activity**

i. **House Interim Hearing:** The House Insurance Committee held a hearing on its interim charges related to property and casualty insurance on October 5. TWIA was invited to provide testimony.

c) **Texas Department of Insurance Activity:** In August, Gov. Abbott sent a letter to Insurance Commissioner Amanda Crawford directing TDI to take certain actions to address the affordability of homeowners' insurance. Among actions taken by the Commissioner in response to the letter that are potentially of interest to the Association:

i. TDI issued a bulletin emphasizing that companies should offer premium discounts for homes that have implemented mitigation measures for wind, hail, or wildfire.

ii. TDI proposed revisions to its rules to clarify that insurers may not consider the age of individual components of a structure as an indicator for the condition of a structure when deciding whether to write or renew coverage.

iii. TDI has created a task force on insurance losses due to fraud. Stakeholders representing consumers and plaintiffs' attorneys have responded by calling for the task force to investigate claims practices they allege constitute fraud by insurers. The first meeting of the task force was held on October 19.

d) **Stakeholder Inquiries:** There were no stakeholder inquiries related to the Texas FAIR Plan in Q3 2026.

13. Future Meetings

February 22, 2027 – Moody Gardens Hotel Galveston