

Texas Windstorm Insurance Association

2027 Budget Overview to
Board of Directors
October 8, 2026



TWIA Budget – New or Notable Items for 2027

- **Reinsurance** - Placeholder of \$173 million for the 2027/2028 TWIA reinsurance program based on forecasted exposures, expected attachment point and market conditions.
- **Non-Hurricane Losses** - Losses for 2027 are projected at \$100 million. TWIA does not budget for hurricanes. Losses and loss adjustment expenses include estimates for average convective storm seasons.
- **Premium Projections** - Policy counts and premiums are projected to be flat or slightly decline beginning in late 2026. Full year 2027 written premium projection of \$ 771 million.



TWIA 2027 Budget – Key Assumptions

The 2027 Budget includes the following assumptions:

- Rate change: No change in rates is reflected in the 2027 budget.
- 2026 forecast is comprised of the January to June 2026 actuals plus July to December 2026 projections.
- Policies in force are projected to decrease slightly from the forecast of 288,898 policies at December 31, 2026, to 286,201 at year end 2027, a decrease of 2,696 policies or -0.9%.
- Loss and loss adjustment expense ratios used are based on actuarial review and correspond to the non-hurricane loss ratios included in the annual rate indications.
- Commissions: Budgeted at \$123 million using current rate of 16.0% for new and renewal policies.



TWIA 2027 Budget – Key Assumptions (cont)

- Investment yields: Rates of return on investments are projected to be flat in our 2027 Budget.
- \$500 million line of credit: assumed to be renewed on June 1, 2027, with same late December cancellation date, inception fees (\$375K) and annual commitment fees at 42.5 basis points (\$1.2 million). There is an option for an additional \$200 million line of credit without fees until used.
- Employee merit increase is set at **3.0%**
- Operating expenses are based on detailed zero-based departmental budgets.



TWIA 2027 Proposed Budget - Income Statement

(In 000s)

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	For the twelve months ended December 31,				Variance B2027 vs B2026	Variance B2027 vs F2026
	Forecast FY2026	Budget FY2026	Variance 2026	Budget FY2027		
Premiums Written:						
1 Direct	\$807,016	\$781,032	\$25,984	\$770,599	(\$10,433)	(\$36,417)
Premiums Earned:						
2 Direct	\$817,909	\$808,261	\$9,648	\$789,271	(\$18,990)	(\$28,638)
3 Ceded	(209,925)	(237,000)	27,075	(\$173,000)	64,000	36,925
4 Net	607,984	571,261	36,723	616,271	45,010	8,287
Deductions:						
6 Losses and LAE Incurred	136,469	110,887	25,583	99,942	(10,945)	(36,527)
7 Operating Expenses	42,144	44,714	(2,569)	44,098	(616)	1,954
8 Commission Expense	129,020	124,965	4,055	123,296	(1,669)	(5,725)
9 Ceding commissions / brokerage	(10,537)	(11,850)	1,313	(7,000)	4,850	3,537
10 Other Taxes and fees	17	58	(41)	22	(35)	6
11 Total Deductions	297,113	268,773	28,341	260,358	(8,415)	(36,756)
12 Net Underwriting Gain or (Loss)	310,871	302,488	8,383	355,913	53,425	45,042
Other Income or (Expense):						
14 Gross Investment Income	25,884	21,597	4,287	24,613	3,016	(1,271)
15 Line of Credit Fees and Other Investment Expenses	(1,754)	(1,953)	200	(1,748)	205	5
16 Interest Expense on Debt	0	0	0	0	0	0
17 Premium Charge Offs/Write Offs	0	0	0	0	0	0
18 Other Income (Expense)	0	0	0	0	0	0
19 Total Other Income or (Expense)	24,130	19,644	4,487	22,865	3,221	(1,266)
20 Net Income (Loss)	\$335,001	\$322,132	\$12,869	\$378,778	\$56,646	\$43,777

Direct Written Premiums projected to decrease by \$36.0 million (4.5%) from \$807.0 million in 2026 forecast to \$770.6 million in 2027.

Ceded Premiums for 2026/27 reinsurance were \$209.9M at inception date. For 2027, the current placeholder is \$173.0 million.

Detailed schedules for key line items are provided on subsequent slides.



TWIA 2027 Budgeted Surplus and Key Ratios

(In 000s including footnote)

	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)	(17,445)	15,951	(33,397)	41,631	25,680	59,076	2
3 Net Income (Loss)	335,001	322,132	12,869	378,778	56,646	43,777	3
4 Change in Provision for Reinsurance	0	0	0	0	-	-	4
5 Change in Non-Admitted Assets	1,706	4,548	(2,842)	1,116	(3,432)	(590)	5
6 Statutory Fund (Cost)/Received (1)	(277,631)	(322,132)	44,501	(378,778)	(56,646)	(101,147)	6
7 Ending Surplus (Deficit)	\$41,631	\$20,500	\$21,132	\$42,747	\$22,248	\$1,116	7
8							8
9 Key Operating Ratios:							9
10 Direct:							10
11 Loss & LAE Ratio	16.7%	13.7%	3.0%	12.7%	(1.1%)	(4.0%)	11
12 UW Expense Ratio:							12
13 Acquisition	16.0%	16.0%	(0.0%)	16.0%	(0.0%)	0.0%	13
14 Non Acquisition	5.2%	5.5%	(0.4%)	5.6%	0.1%	0.4%	14
15 UW Expense Ratio	21.1%	21.5%	(0.4%)	21.6%	0.1%	0.4%	15
16 Direct Combined Ratio	37.8%	35.3%	2.6%	34.3%	(1.0%)	(3.6%)	16
17							17
18 Ending Balance in CRTF	59,216	202,418	(143,203)	350,520	148,101	291,304	18

(1) \$57 million Net Gain from operations allocated to repay borrowings related to Hurricane Beryl



Proposed 2027 Budget Expense Summary (Gross and Net)

In (000s)

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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	\$40,109	\$43,949	(\$3,840)	\$38,269	(\$5,680)	(\$1,840)	1
2	Professional & Consulting Services	9,466	10,070	(604)	10,389	319	923	2
3	Hardware/Software Purchases & Licensing	8,291	8,531	(239)	9,947	1,416	1,656	3
4	Rental & Maintenance - Office/Equipment	1,111	1,152	(41)	1,116	(37)	5	4
5	Travel Expenses	297	381	(84)	320	(61)	23	5
6	Postage, Telephone and Express	1,779	1,914	(135)	1,848	(65)	70	6
7	Capital Management Expenses	0	0	0	0	0	0	7
8	Depreciation	3,086	3,086	0	806	(2,281)	(2,281)	8
9	All Other Operating Expenses	2,006	2,094	(88)	2,133	39	127	9
10	Gross Operating Expenses	66,145	71,178	(5,032)	64,828	(6,350)	(1,318)	10
11	Less: Adjustments/Allocations							11
12	Capitalization of Fixed Assets	0	0	0	0	0	0	12
13	Reimbursement of Depopulation Servicing Expense	0	0	0	0	0	0	13
14	Allocation To ULAE	(23,930)	(26,380)	2,450	(20,658)	5,722	3,272	14
15	Allocation To Investing	(71)	(84)	13	(72)	12	(1)	15
16	Total Adjustments/Allocations	(24,001)	(26,464)	2,463	(20,730)	5,734	3,271	16
17								17
18	Net Operating Expense - UW Operations	\$42,144	\$44,714	(\$2,569)	\$44,098	(616)	1,954	18

ULAE – Unallocated loss adjustment expense



TWIA 2027 Proposed Budget

Premium Projections



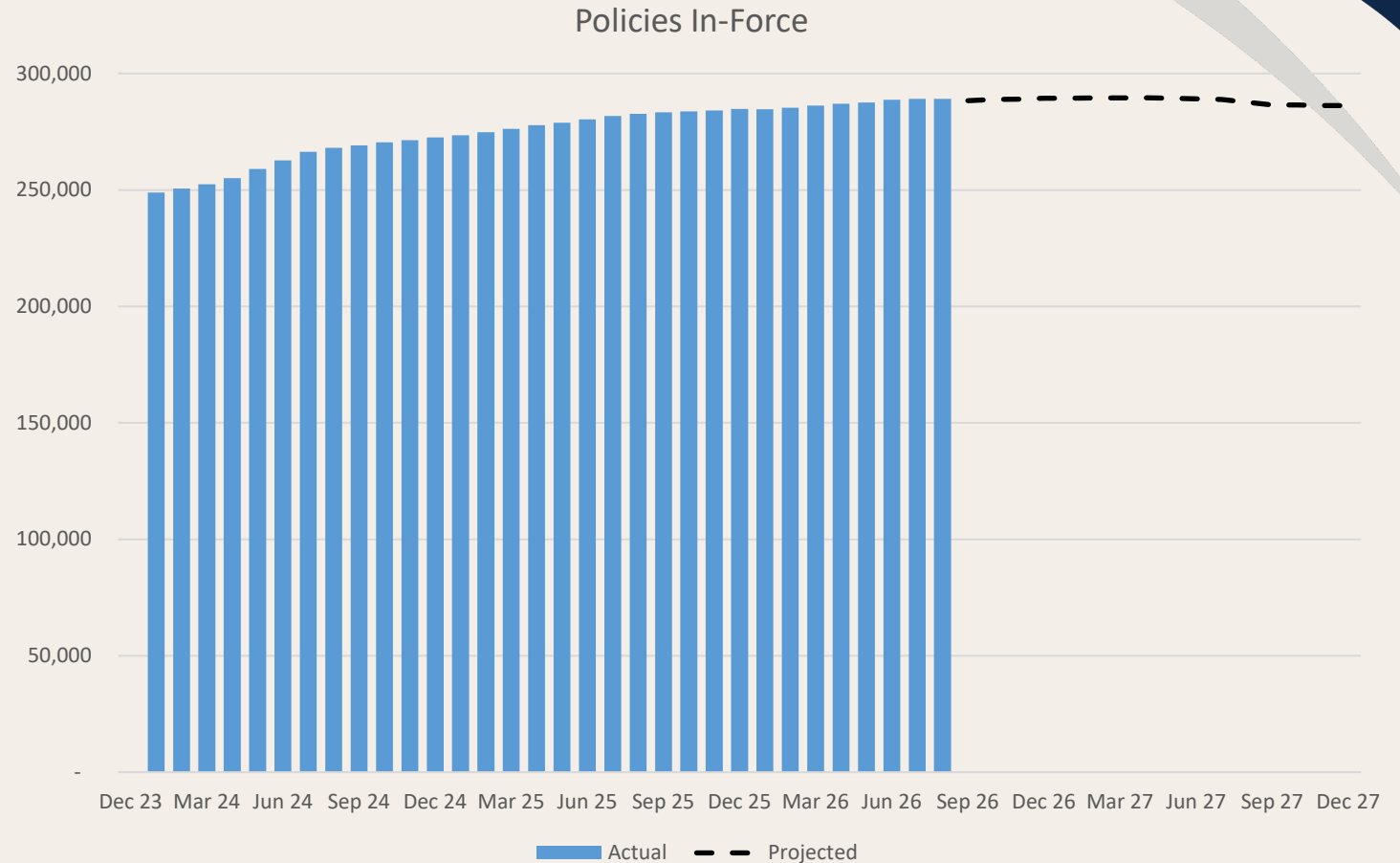
Premium Budget – Policies In Force

Total Policies in Force

Dec 2023 (Actual)	247,537
Dec 2024 (Actual)	272,567
Dec 2025 (Actual)	284,846
Dec 2026 (Projection)	288,898
Dec 2027 (Budget)	286,201

2027 Budget – PIF as of 12/31/2027

<u>Class of Business</u>	<u>Count</u>
Residential	277,488
Manufactured	2,189
Commercial	6,524
TOTAL	286,201
% Annual Change	-0.9%



TWIA Historical and Projected Policies In Force

	A	B	C	D	E	F	G	H	I	J	K	L	
	Policies in Force at December 31,												
										Forecast		% Change B2027 vs F2026	
1	Class of Business	2018	2019	2020	2021	2022	2023	2024	FY2025	2026	Budget 2027		1
2	Commercial	7,827	7,063	6,467	6,818	7,721	8,438	8,594	8,099	7,400	6,524	-11.8%	2
3	Manufactured Home	724	694	742	913	999	1,184	1,589	1,850	2,056	2,189	6.5%	3
4	Residential	193,657	181,446	177,681	185,271	213,760	237,915	262,384	274,897	279,442	277,488	-0.7%	4
5	Total	202,208	189,203	184,890	193,002	222,480	247,537	272,567	284,846	288,898	286,201	-0.9%	5
6	% Change	-10.9%	-6.4%	-2.3%	4.4%	15.3%	11.3%	10.1%	4.5%	1.4%	-0.9%		6



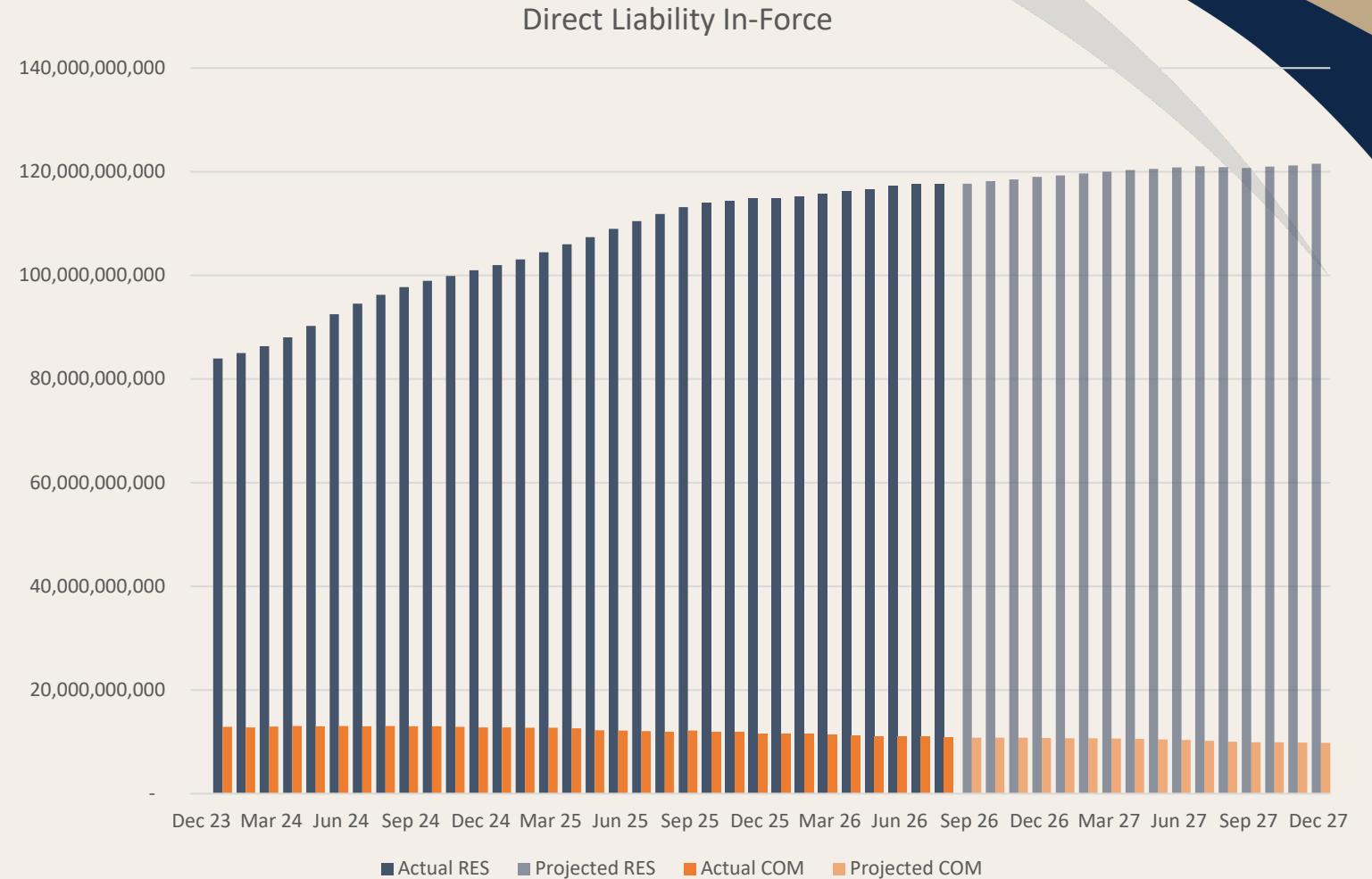
Premium Budget – Direct Liability In Force (Exposures)

Total Direct Liability in Force (In 000s)

Dec 2023 (Actual)	\$95,679,158
Dec 2024 (Actual)	\$113,745,440
Dec 2025 (Actual)	\$126,455,725
Dec 2026 (Forecast)	\$129,698,031
Dec 2027 (Budget)	\$131,444,509

2027 Budget – Exposures as of 12/31/2027 (In 000s)

Class of Business	Amount
Residential	121,583,203
Manufactured	176,470
Commercial	9,684,837
TOTAL	\$131,444,509
% Annual Change	1.3%



TWIA Historical and Projected Exposures In Force

	A	B	C	D	E	F	G	H	I	J	K	L	
	Exposures in Force at December 31, (In 000s)												
1	Class of Business	2018	2019	2020	2021	2022	2023	2024	2025	Forecast 2026	Budget 2027	% Change B2027 vs F2026	1
2	Commercial	6,245,277	5,940,483	5,891,209	6,505,687	8,755,833	12,706,103	12,784,911	11,584,286	10,661,635	9,684,837	-9.2%	2
3	Manufactured Home	38,978	37,989	41,337	53,242	64,908	83,346	115,792	140,801	160,912	176,470	9.7%	3
4	Residential	51,973,107	49,516,512	49,077,092	52,984,667	66,877,791	82,889,710	100,844,738	114,730,637	118,875,485	121,583,203	2.3%	4
5	Total	58,257,362	55,494,985	55,009,638	59,543,596	75,698,532	95,679,158	113,745,440	126,455,725	129,698,031	131,444,509	1.3%	5
6	% Change	-10.9%	-4.7%	-0.9%	8.2%	27.1%	26.4%	18.9%	11.2%	2.6%	1.3%		6



Premium Budget – Written Premium

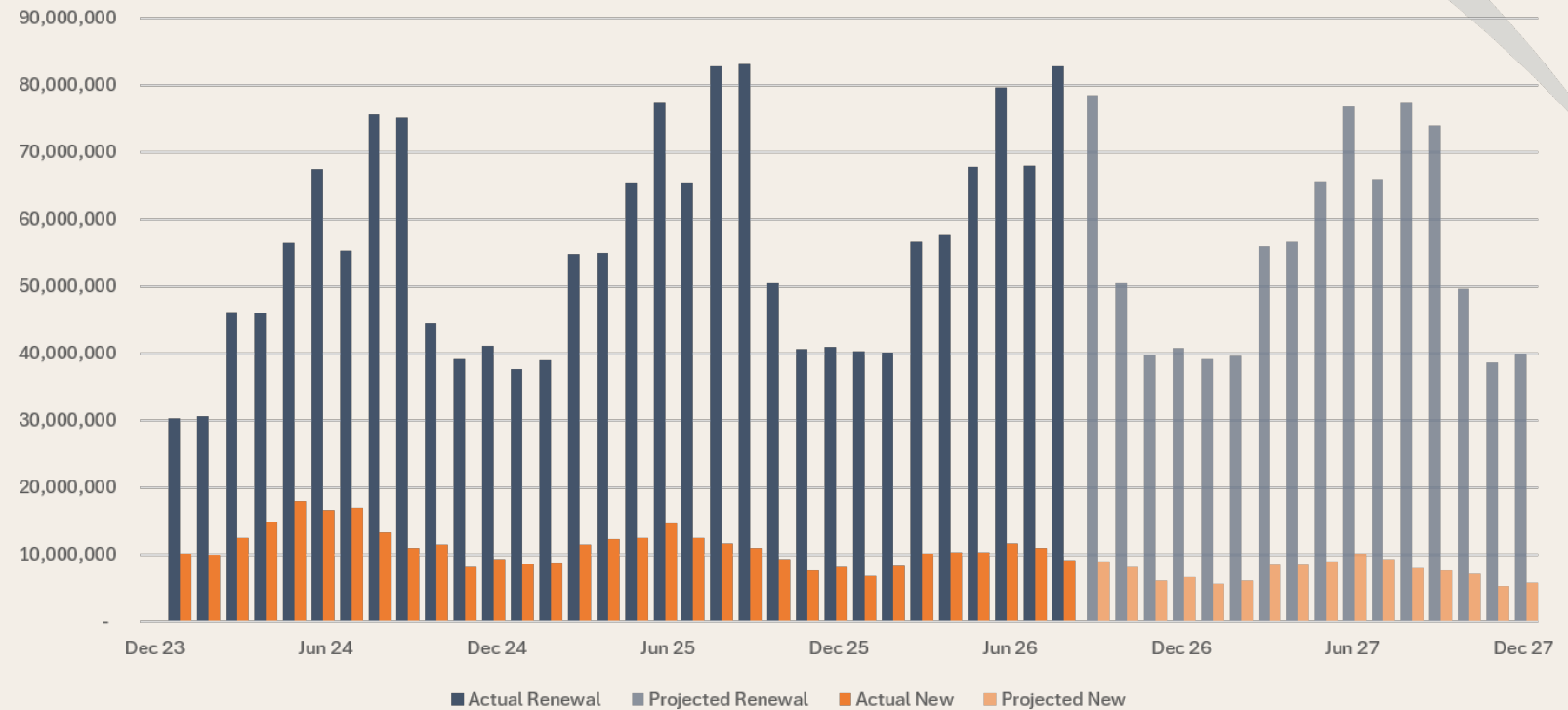
Total Annual Direct Written Premiums

2023 (Actual)	\$653,094,559
2024 (Actual)	\$758,844,845
2025 (Actual)	\$820,864,531
2026 (Projection)	\$807,016,103
2027 (Budget)	\$770,599,352

2027 Budget – Direct Written Premiums

Class of Business	Amount
Residential	\$673,993,848
Manufactured	4,478,633
Commercial	91,126,871
TOTAL	\$770,599,352
% Annual Change	-4.50%

Direct Written Premiums



TWIA 2027 Proposed Budget

REINSURANCE



Reinsurance

Reinsurance Components	2026 Reinsurance Amounts	2027 Reinsurance Projection
Minimum required funding level (PML)	\$4,305,100,000	\$4,400,000,000
Total Funded by Catastrophe Reserve Trust Fund (CRTF)	\$25,000,000	\$350,000,000
Total Statutory Funding: State Investment and Assessments	\$2,000,000,000	\$2,000,000,000
Total Reinsurance Limit Purchased	\$2,280,100,000	\$2,050,000,000
Total Actual 2026 and Estimated 2027 Reinsurance Premiums	\$209,925,055	\$173,000,000

The 2027 Projected Probable Maximum Loss includes anticipated exposure growth and is based on the most recent methodology used to blend the catastrophe models.



TWIA 2027 Proposed Budget

EXPENSES



Expense Categories

TWIA budgets and tracks expenses in four primary categories:

Personnel Expenses

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

EDP Equipment & Software

- Hardware
- Software Purchases and Licensing

Professional Services

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

Other Operating Expenses

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



Texas Windstorm All Expenses Summary

(In 000s)

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	For the twelve months ended December 31,				B2027 vs B2026		B2027 vs F2026	
	Forecast 2026	Budget FY2026	Variance 2026	Budget FY2027	\$	%	\$	%
Personnel Expenses								
Salaries & Wages - Permanent	\$18,448	\$19,228	(\$780)	\$19,897	\$669	3%	\$1,449	8%
Contractor & Temporary Help	14,356	17,281	(2,925)	10,903	(6,378)	-37%	(3,454)	-24%
Payroll Taxes	1,335	1,353	(18)	1,443	90	7%	108	8%
Employee Benefits	5,622	5,585	36	5,515	(70)	-1%	(107)	-2%
Recruiting, Training & Other	348	501	(153)	512	10	2%	163	47%
Subtotal	40,109	43,949	(3,840)	38,269	(5,680)	-13%	(1,840)	-5%
Professional & Consulting Services								
Legal	505	495	9	543	47	10%	38	8%
Accounting & Auditing	244	279	(34)	259	(19)	-7%	15	6%
Information Technology	2,501	2,501	0	2,495	(6)	0%	(6)	0%
Actuarial Services	102	102	0	105	3	3%	3	3%
Ombudsman Program	130	110	20	135	25	23%	5	4%
Surveys & Inspections	655	1,143	(488)	1,191	48	4%	536	82%
Disaster Recovery Services	8	7	1	8	1	18%	(0)	-4%
Other Services	5,320	5,433	(113)	5,653	220	4%	333	6%
Subtotal	9,466	10,070	(604)	10,389	319	3%	923	10%
Hardware/Software Purchases & Licensing	8,291	8,531	(239)	9,947	1,416	17%	1,656	20%
Rental & Maintenance - Office/Equipment	1,111	1,152	(41)	1,116	(37)	-3%	5	0%
Travel Expenses	297	381	(84)	320	(61)	-16%	23	8%
Postage, Telephone and Express	1,779	1,914	(135)	1,848	(65)	-3%	70	4%
Capital Management Expenses	0	0	0	0	0	0%	0	0%
Depreciation	3,086	3,086	0	806	(2,281)	-74%	(2,281)	-74%
All Other Operating Expenses	2,006	2,094	(88)	2,133	39	2%	127	6%
Total Operating Expenses	66,145	71,178	(5,032)	64,828	(6,350)	-9%	(1,318)	-2%
Capitalization of Fixed Assets	0	0	0	0	0	0%	0	0%
Reimbursement of Depopulation Servicing Expenses	0	0	0	0	0	0%	0	0%
Allocation To ULAE	(23,930)	(26,380)	2,450	(20,658)	5,722	-22%	3,272	-14%
Allocation To Investing	(71)	(84)	13	(72)	12	-14%	(1)	1%
Net Operating Expense - UW Operations	\$42,144	\$44,714	(\$2,569)	\$44,098	(\$616)	-1%	\$1,954	5%

Increase in Salaries and Wages over forecast is primarily attributable to additional full-time employees and employee merit.

Decrease in Contractor & Temporary Help reflects the reduction in external examiners required to settle claims outstanding from Hurricane Beryl.

Surveys & Inspections: Increase driven by the mid-2026 rollout of the new Inspection Program and an updated estimate of 2027 inspection activity.

Other services: CoreLogic (MSB/Interchange Prefill) costs increased due to new agreement terms, along with the addition of new technology services in 2027.

Increase in Hardware and Software is primarily attributable to Guidewire Licensing fees.



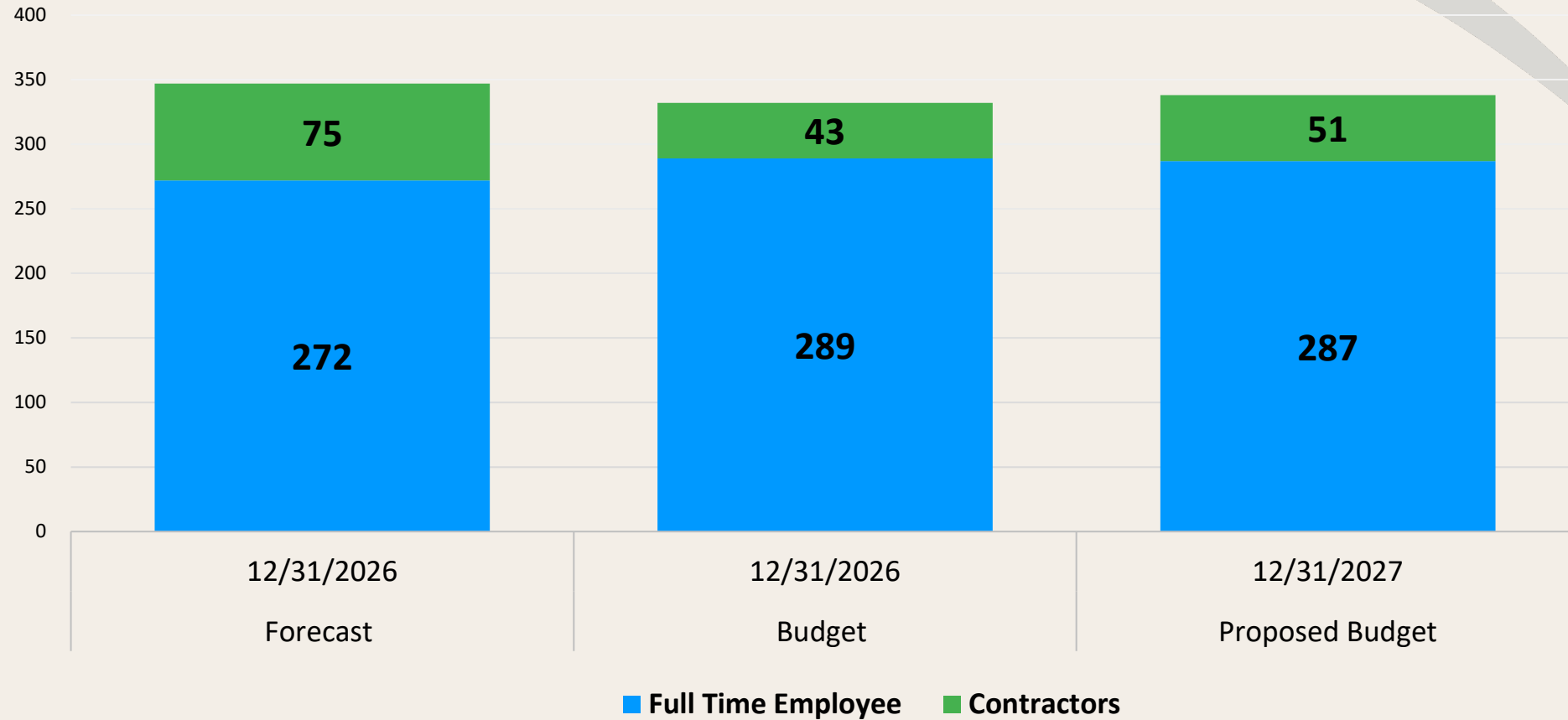
Historical Operating Expenses by Category

	A	B	C	D	E	F	G	H	I	J	K	
	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Forecast	2026 Budget	2027 Budget	
1 TOTAL ALL DEPTS												1
2 Personnel Costs	\$53,401,035	\$30,889,084	\$31,214,130	\$32,646,892	\$27,790,653	\$24,360,273	\$56,737,126	\$46,980,996	\$40,108,867	\$43,948,684	\$38,268,703	2
3 Professional Services	10,148,994	8,805,315	10,868,403	12,251,132	9,619,727	10,422,569	16,241,341	10,345,190	9,466,442	10,070,395	10,389,081	3
4 Hardware & Software Licensing	3,003,507	2,997,898	3,095,779	3,368,723	3,776,425	3,311,192	4,409,679	6,755,216	8,291,223	8,530,592	9,946,979	4
5 Rental & Maintenance - Office/Equipment	1,351,117	1,296,079	1,267,426	1,246,376	1,483,711	974,567	962,588	1,038,015	1,111,051	1,152,499	1,115,755	5
6 Travel Expenses	317,375	251,104	57,881	35,829	121,695	139,121	181,789	177,646	296,646	380,698	319,666	6
7 Postage, Telephone and Express	1,072,486	975,547	907,156	902,172	1,028,753	1,304,287	1,613,900	1,699,201	1,778,696	1,913,945	1,848,446	7
8 Capital Management Expenses	2,261,920	2,112,784	17,388	15,660	6,326	0	0	0	0	0	0	8
9 Other Operating Expenses	2,229,831	1,183,133	1,152,218	1,327,630	3,762,845	4,647,677	4,823,580	4,911,861	5,092,441	5,180,915	2,939,056	9
10												10
11 GROSS OPERATING EXPENSES	73,786,265	48,510,942	48,580,382	51,794,415	47,590,134	45,159,685	84,970,003	71,908,126	66,145,365	71,177,728	64,827,687	11
12												12
13 Capitalization of Fixed Assets	0	0	(4,577,587)	(8,927,371)	(1,699,371)	0	0	0	0	0	0	13
14 Reimbursement of Depop Servicing Exp	(248,371)	(120,463)	(76,065)	(15,863)	(8,137)	(3,724)	(87)	0	0	0	0	14
15 Allocation To ULAE	(42,799,315)	(16,886,693)	(15,224,675)	(14,752,216)	(12,100,915)	(10,790,272)	(46,809,010)	(32,672,381)	(23,929,811)	(26,380,104)	(20,657,750)	15
16 Allocation To Investing & Other Exp	(2,457,477)	(2,386,866)	(301,264)	(273,379)	(262,325)	(97,638)	(43,412)	(77,216)	(71,189)	(84,000)	(72,000)	16
17 Net Operating Expense	\$28,281,102	\$29,116,920	\$28,400,791	\$27,825,586	\$33,519,385	\$34,268,050	\$38,117,494	\$39,158,528	\$42,144,366	\$44,713,624	\$44,097,937	17
18 Direct Earned Premium	409,954,258	381,571,182	369,179,093	378,504,200	443,490,200	589,353,024	708,981,286	794,594,956	817,909,290	808,261,181	789,271,066	18
19 Non-Acquisition Expense Ratio	6.9%	7.6%	7.7%	7.4%	7.6%	5.8%	5.4%	4.9%	5.2%	5.5%	5.6%	19

Note: Other Operating Expenses (Line 9) includes depreciation of capitalized assets. Guidewire Elevate amortization ends in March 2027.



Consolidated Headcount Summary TWIA/TFPA



Employee Benefits – TWIA

	Description	for the 12 months ended December 31,				Budget 2027 vs Forecast 2026	Budget 2027 vs Budget 2026	
		Forecast 2026	Budget FY2026	Variance-26	Budget FY2027			
1	Total Salary & Wages	18,447,869	19,227,982	(780,113)	19,896,635	1,448,766	668,653	1
2								2
3	Pension Plan	1,803,507	1,378,670	424,837	1,377,625	(425,882)	(1,046)	3
4	401 K Plan	949,367	1,036,890	(87,523)	1,078,303	128,936	41,414	4
5	Insurance & Related:							5
6	Medical	2,531,989	2,803,338	(271,348)	2,688,340	156,350	(114,998)	6
7	Dental	164,263	195,929	(31,666)	190,864	26,601	(5,065)	7
8	Life, LTD & AD&D	132,300	135,313	(3,013)	143,487	11,187	8,174	8
9	All Other (1)	40,130	35,217	4,913	36,410	(3,721)	1,192	9
10	Total Insurance & Related	2,868,682	3,169,797	(301,115)	3,059,101	190,418	(110,697)	10
11								11
12	Total All Benefit Costs	5,621,557	5,585,357	36,199	5,515,029	(106,528)	(70,329)	12

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

Benefits % to Salaries 30.5% 29.0% 27.7%



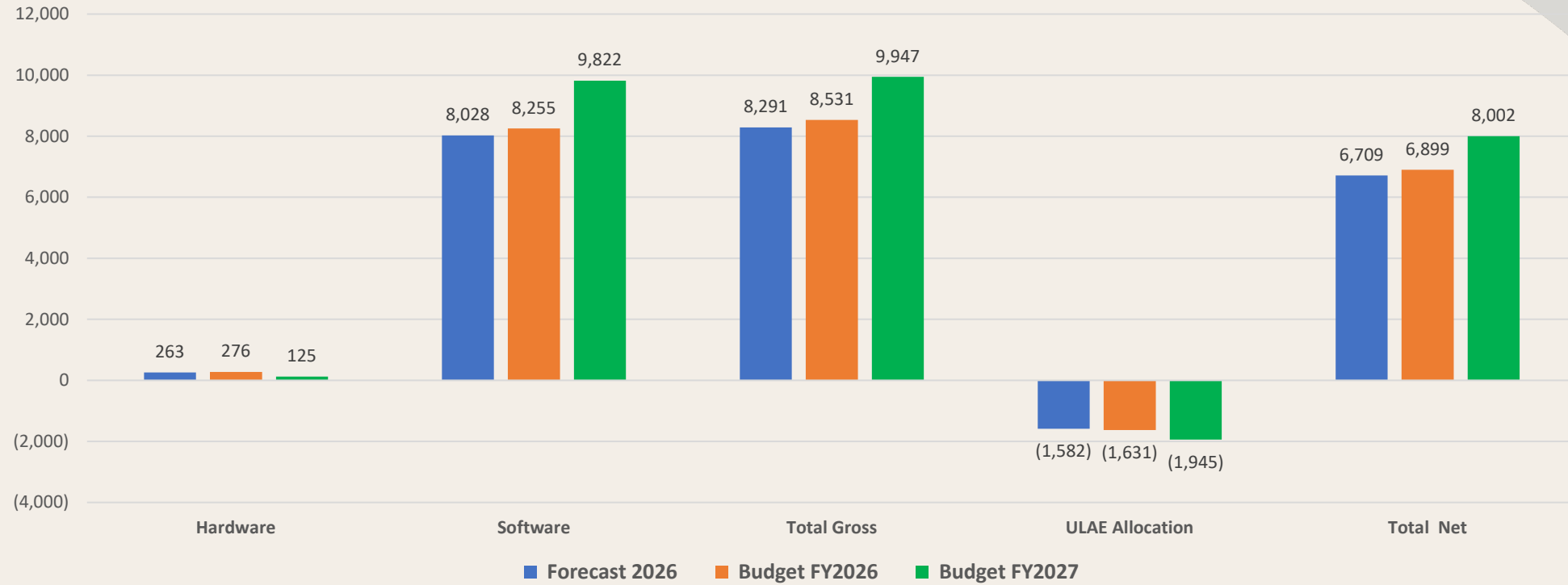
TWIA Professional Services Top 10 Vendors

			A	B	C	D	E	F	
	Departments	Vendor	2026 Forecast	2026 Budget	Variance 2026	2027 Budget	Variance B2027 vs B2026	Variance B2027 vs F2026	
1	Slab Claims Evaluation Program	Moody's Analytics Inc.	1,133,922	1,075,404	58,518	1,235,217	159,813	101,294	1
2	Information Technology	Cynosure, Inc. dba Zensar Technologies	916,304	973,544	(57,240)	1,002,751	29,208	86,447	2
3	Underwriting	Marshall & Swift/Boeckh, LLC. (CoreLogic)	354,081	456,238	(102,157)	888,349	432,111	534,268	3
4	Information Technology	Stratus Technology Services, LLC.	692,227	705,179	(12,952)	723,975	18,796	31,748	4
5	Actuary	AON Re, Inc.	600,000	600,000	0	600,000	0	0	5
6	Underwriting	Clear Point Claims, LLC.	593,795	683,302	(89,507)	528,000	(155,302)	(65,795)	6
7	Claims	Xactware Solutions, Inc.	411,622	376,760	34,862	409,360	32,600	(2,262)	7
8	Underwriting	Information Providers Inc.	227,784	341,976	(114,192)	391,440	49,464	163,656	8
9	Underwriting	Reliable Reports, Inc.	156,183	341,976	(185,793)	391,440	49,464	235,257	9
10	Underwriting / Claims	Insurance Services Office, Inc. (Verisk)	269,802	274,876	(5,074)	326,971	52,095	57,169	10
11	Various departments	Other Vendors	4,110,721	4,241,140	(91,044)	3,891,578	(359,949)	(268,905)	11
									0
12		Total Other Professional Services	\$ 9,466,442	\$ 10,070,395	\$ (564,578)	\$ 10,389,081	\$ 308,299	\$ 872,877	12



Hardware and Software

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



All Other Expenses Details (In 000s)

Description	for the 12 months ended December 31,				Variance	
	Forecast FY2026	Budget FY2026	Variance 2026	Budget FY2027	B27 vs F26	B27 vs B26
Office Rent	956	965	(9)	975	19	10
Utilities expense	0	0	0	0	0	0
Equipment/Storage Rental	12	13	(1)	16	4	3
Office Relocation Expense	0	0	0	0	0	0
Repair & Maintenance	143	174	(31)	124	(19)	(50)
Other Office & Equip Expense	0	0	0	0	0	0
Total Rental & Maintenance	1,111	1,152	(41)	1,116	5	(37)
Board meetings	101	103	(3)	97	(4)	(7)
Storm Related	0	0	0	0	0	0
Workshops	0	4	(4)	4	4	0
Other Travel	196	274	(78)	219	23	(54)
Total Travel Expenses	297	381	(84)	320	23	(61)
Postage/Courier	1,574	1,708	(134)	1,701	127	(7)
Telephone	205	206	(1)	147	(57)	(59)
Total Postage, Tele & Express	1,779	1,914	(135)	1,848	70	(65)
Line of Credit Fees	0	0	0	0	0	0
Investment Expense - TTSTC Fees	0	0	0	0	0	0
Total Capital Mgt Expenses	0	0	0	0	0	0
Boards, Bureaus & Assoc	309	302	8	308	(2)	6
Printing & Supplies	683	735	(53)	710	27	(26)
Dues & Subscriptions	175	221	(47)	215	41	(6)
Insurance	209	211	(2)	214	5	3
Media and Advertising	40	31	9	47	7	16
Depreciation & Amortization	3,086	3,086	0	806	(2,281)	(2,281)
Write-offs	0	0	0	0	0	0
Bank Charges	567	566	1	616	49	50
Other Expenses	22	28	(6)	23	1	(5)
Total Other Operating Exp	5,092	5,181	(88)	2,939	(2,153)	(2,242)
Total All Other Expenses	\$8,279	\$8,628	(\$349)	\$6,223	(\$2,056)	(\$2,405)

Postage/Courier : The increase is primarily attributable to the allocation rate of 71% in the 2026 Forecast, compared with 75% in the 2026 and 2027 budgets.

Amortization is anticipated to decrease, as the Guidewire Elevate implementation will be fully amortized in March 2027. The 2027 amortization expense is expected to be approximately \$760K, compared with \$3.0 million for the full year in 2026.



TWIA 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	\$807,016	\$781,032	\$25,984	\$770,599	(\$10,433)	(\$36,417)	1
Premiums Earned:								
2	Direct	\$817,909	\$808,261	\$9,648	\$789,271	(\$18,990)	(\$28,638)	2
3	Ceded	(209,925)	(237,000)	27,075	(\$173,000)	64,000	36,925	3
4	Net	607,984	571,261	36,723	616,271	45,010	8,287	4
Deductions:								
5	Losses and LAE Incurred	136,469	110,887	25,583	99,942	(10,945)	(36,527)	5
6	Operating Expenses	42,144	44,714	(2,569)	44,098	(616)	1,954	6
7	Commission Expense	129,020	124,965	4,055	123,296	(1,669)	(5,725)	7
8	Ceding commissions / brokerage	(10,537)	(11,850)	1,313	(7,000)	4,850	3,537	8
9	Other Taxes and fees	17	58	(41)	22	(35)	6	9
10	Total Deductions	297,113	268,773	28,341	260,358	(8,415)	(36,756)	10
11	Net Underwriting Gain or (Loss)	310,871	302,488	8,383	355,913	53,425	45,042	11
Other Income or (Expense):								
12	Gross Investment Income	25,884	21,597	4,287	24,613	3,016	(1,271)	12
13	Line of Credit Fees and Other Investment Expenses	(1,754)	(1,953)	200	(1,748)	205	5	13
14	Interest Expense on Debt	0	0	0	0	0	0	14
15	Premium Charge Offs/Write Offs	0	0	0	0	0	0	15
16	Other Income (Expense)	0	0	0	0	0	0	16
17	Total Other Income or (Expense)	24,130	19,644	4,487	22,865	3,221	(1,266)	17
18	Net Income (Loss)	\$335,001	\$322,132	\$12,869	\$378,778	\$56,646	\$43,777	18



Questions & Discussion

