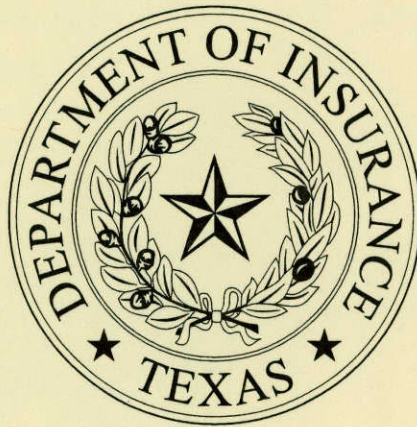


# TEXAS DEPARTMENT OF INSURANCE 2017 ANNUAL REPORT



TEXAS DEPARTMENT OF INSURANCE  
NOVEMBER 2017

Texas Department of Insurance  
333 Guadalupe | Austin, Texas 78701  
(800) 578-4677  
[www.TDI.texas.gov](http://www.TDI.texas.gov)

First printing, November 2017

Publication ID: TDIAR | 1117

This document is available online at [www.tdi.texas.gov/reports](http://www.tdi.texas.gov/reports)



## TEXAS DEPARTMENT OF INSURANCE

Commissioner of Insurance (113-1C)

333 Guadalupe, Austin, Texas 78701 ★ PO Box 149104, Austin, Texas 78714-9104  
(512) 676-6020 | F: (512) 490-1045 | (800) 578-4677 | TDI.texas.gov | @TexasTDI

November 20, 2017

Honorable Greg Abbott, Governor  
The Honorable Dan Patrick, Lieutenant Governor  
The Honorable Joe Straus, Speaker of the House

Dear Governors and Speaker:

I am pleased to submit the Texas Department of Insurance 2017 Annual Report, in compliance with Texas Insurance Code §32.021.

Copies of this report also will be filed with the State Auditor, Legislative Budget Board, Comptroller of Public Accounts, Legislative Reference Library, and State Library. Digital copies of this report will be provided to insurance commissioners in other states, as well as to members of the Texas Legislature upon request. This report is also available online at [www.tdi.texas.gov/reports](http://www.tdi.texas.gov/reports).

The agency's 2017 Annual Financial Report is also available online at the address above. If you have questions about the contents of this report or affairs of the Texas Department of Insurance, I will be happy to respond.

Sincerely,

A handwritten signature in black ink, appearing to read "Kent C. Sullivan".

Kent C. Sullivan  
Commissioner of Insurance



## TABLE OF CONTENTS

---

|   |           |
|---|-----------|
| <b>HURRICANE HARVEY: TDI'S RESPONSE</b>               | <b>3</b>  |
| <b>SECTION I: AGENCY OVERVIEW</b>                     | <b>5</b>  |
| <b>SECTION II: TDI PROGRAM AREAS</b>                  | <b>11</b> |
| COMPLIANCE DIVISION                                   | 13        |
| FINANCIAL REGULATION DIVISION                         | 15        |
| REGULATORY POLICY DIVISION                            | 20        |
| STATE FIRE MARSHAL'S OFFICE                           | 27        |
| ADMINISTRATIVE OPERATIONS                             | 28        |
| GENERAL COUNSEL/CHIEF CLERK DIVISION                  | 29        |
| LEGAL AND ENFORCEMENT DIVISION                        | 30        |
| INTERNAL AUDIT  | 32        |
| AGENCY AFFAIRS  | 33        |
| PUBLIC AFFAIRS  | 34        |
| <b>SECTION III: DIVISION OF WORKERS' COMPENSATION</b> | <b>35</b> |
| <b>SECTION IV: SUMMARY OF COMPANY DATA</b>            | <b>45</b> |



## HURRICANE HARVEY: TDI'S RESPONSE

Hurricane Harvey hit the Texas coast near Rockport on the evening of August 25, 2017, as a category 4 storm with winds of 130 mph. It caused massive wind damage to Port Aransas, Rockport, Refugio, and Victoria. It then moved slowly eastward over four days, dumping more than 40 inches of rain on the greater Houston area and causing catastrophic flooding.

As Harvey approached Texas, TDI began coordinating with the Governor's Division of Emergency Management and leading insurance industry response through the Texas State Disaster Coalition, which includes property and casualty insurers, life and health insurers, and insurance trade associations.

The agency's response included:

- Sending staff to Disaster Recovery Centers and other sites to provide information on how to contact insurers, minimize property losses, and expedite the claims process.
- Sending fraud investigators to the area to coordinate with local law enforcement and other local officials to ensure that roofers and other contractors comply with local and state requirements.
- Extending our Consumer Help Line (1-800-252-3439) hours into the evening and on weekends to provide assistance to consumers affected by Harvey.
- Coordinating with the National Flood Insurance Program to help resolve issues with flood claims and provide accurate information to consumers with flood policies.
- Resolving consumer complaints related to homeowner and auto policies.
- Developing a "Help after Harvey" section of the TDI website with information and videos on filing claims and avoiding fraud. The information is available in English and Spanish.
- Processing requests for emergency adjuster licenses. As of October 25, the agency has licensed 5,761 emergency adjusters.
- Issuing a data call to collect data from insurers on the storm's financial impact, to monitor the market's claims handling, and to provide aggregate data to interested parties.
- Providing information and guidance to insurers on a variety of topics, including grace periods for premium payments, health coverage, and underwriting issues, related to Harvey.

TDI's Division of Workers' Compensation monitored carriers to ensure they continued to provide services to injured employees receiving benefits. DWC also helped injured employees in the disaster areas reschedule appointments and hearings.

The State Fire Marshal's Office, which has staff located across the state, helped local jurisdictions as needed with fire investigations.







# SECTION I: AGENCY OVERVIEW



Texas Department of Insurance  
2017 Annual Report



## TEXAS DEPARTMENT OF INSURANCE OVERVIEW

The Texas Department of Insurance regulates the state's insurance industry, oversees the administration of the Texas workers' compensation system, performs the duties of the State Fire Marshal's Office, and provides administrative support to the Office of Injured Employee Counsel – a separate agency.

Texas Insurance Code requires TDI to:

- Regulate the business of insurance in Texas.
- Protect and ensure the fair treatment of consumers.
- Ensure fair competition in the insurance industry to foster a competitive market.
- Administer the Texas' workers' compensation system as provided by the Texas Labor Code.
- Ensure that the Insurance Code and other laws regarding insurance and insurance companies are executed.

The insurance commissioner is the agency's chief executive and administrative officer. The commissioner administers and enforces state insurance laws and applicable laws that grant jurisdiction to TDI or the commissioner.

The Division of Workers' Compensation, under the direction of the division's appointed commissioner, oversees the administration and operation of the Texas workers' compensation system. The division monitors compliance of all parties, taking enforcement action when necessary, to ensure that the Texas Workers' Compensation Act, Texas Labor Code, and other regulations regarding workers' compensation are implemented and enforced.

The governor, with advice and consent of the Texas Senate, appoints both commissioners for two-year terms.

### **AGENCY VISION**

TDI is a dynamic leader in responsible state, national, and global regulation, consumer protection, and market viability.

### **AGENCY MISSION**

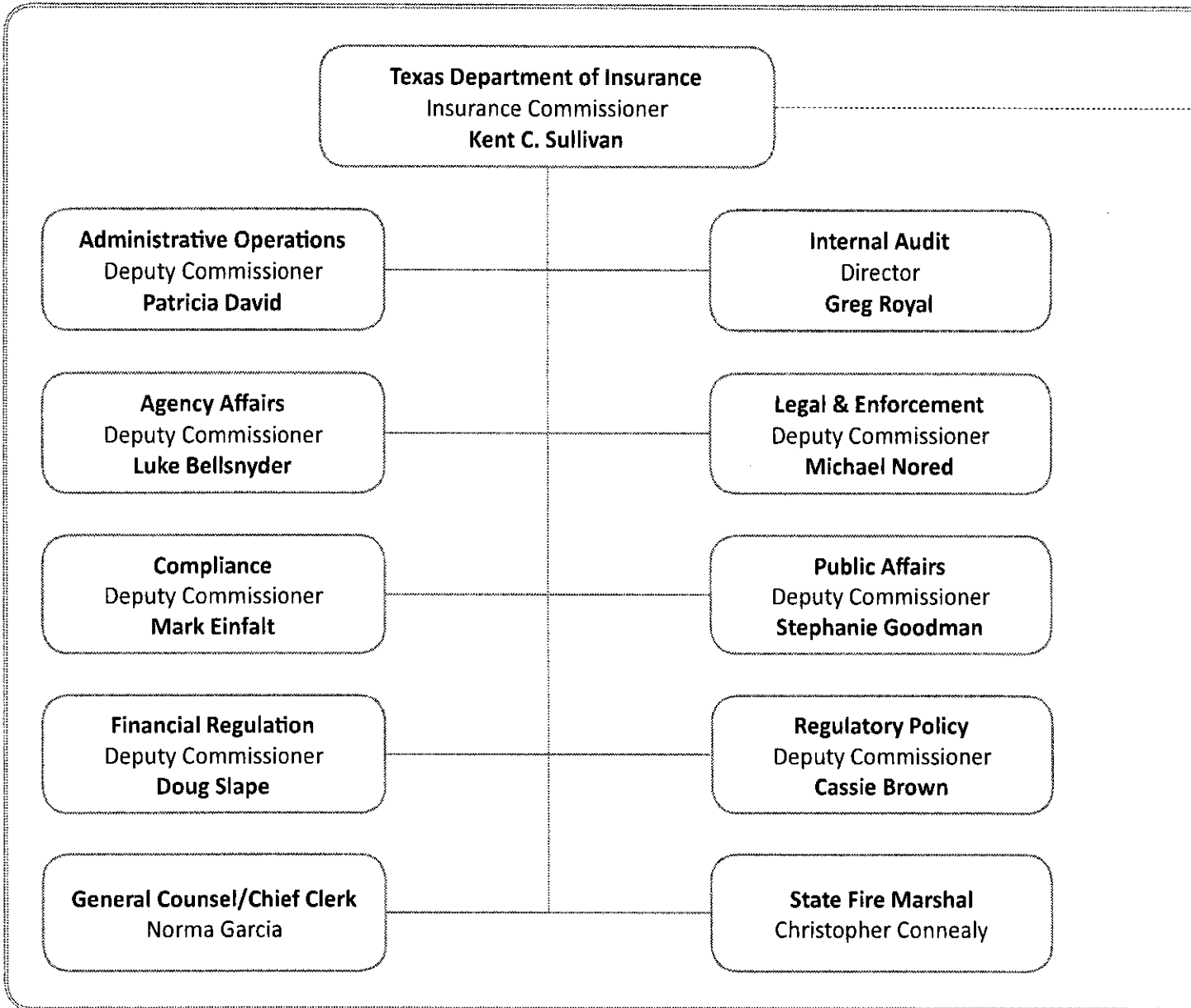
TDI's mission is to protect insurance consumers by regulating the industry fairly and diligently, promoting a stable and competitive market, and providing information that makes a difference.

### **AGENCY REGULATORY APPROACH**

TDI will exemplify friendly, courteous, ethical, and professional behavior in all areas of performance by:

- Providing the best value in services to the people of Texas.
- Applying the law and agency policy fairly and consistently throughout the state.
- Communicating openly and providing timely and accurate information to the public we serve, and to all our fellow employees.
- Communicating internally and externally, evaluating and adjusting the course of the agency in response to changes in conditions.

### TDI Organizational Chart



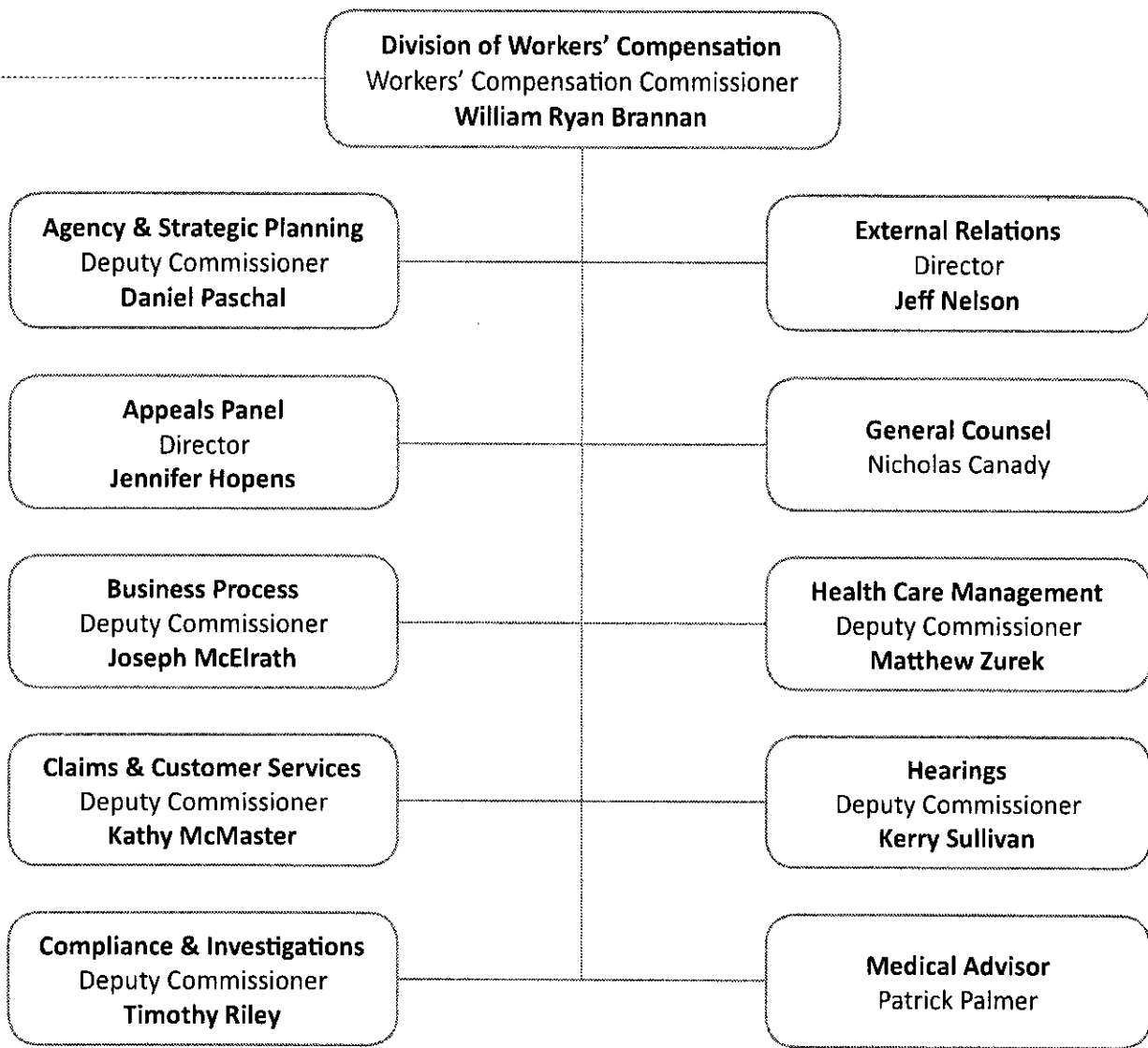
**COMMISSIONER OF INSURANCE**

The insurance commissioner, appointed by the governor with the consent of the Texas Senate, is the agency’s chief executive and administrative officer.

As the agency’s chief administrator, the commissioner oversees agency regulatory functions, establishes agency operating procedures, and enforces state insurance laws through disciplinary and legal actions against violators.

The commissioner reviews and regulates rates for various lines of insurance including those submitted under “file-and-use” provisions. The commissioner also sets rates for certain lines such as title insurance.

The commissioner adopts rules, implements new laws, and addresses regulatory problems in companies and agents. In addition, the commissioner appoints individuals to advisory boards and committees and oversees their operations.



**COMMISSIONER OF WORKERS' COMPENSATION**

The workers' compensation commissioner, appointed by the governor with the consent of the Texas Senate, is the chief executive and administrative officer of the Division of Workers' Compensation.

As the division's chief administrator, the commissioner oversees division regulatory functions, conducts the daily operations of the division, implements division policy, and enforces state workers' compensation laws through disciplinary and legal actions against violators.

The commissioner adopts rules, implements laws, oversees fraud unit investigations, and addresses regulatory problems in the workers' compensation system. In addition, the commissioner makes recommendations to the Texas Legislature regarding changes to state workers' compensation laws.

The commissioner is a member of the Texas Certified Self-Insurer Guaranty Association. The commissioner has the authority to approve certificates of authority to self-insure for workers' compensation claims for eligible employers in Texas.

## SERVICE LOCATIONS

The agency's insurance and workers' compensation headquarters are in Austin. To carry out insurance regulation responsibilities, TDI has field offices across the state. Field employees include financial and title examiners; fraud investigators; fire inspectors and investigators; windstorm inspectors; and workers' compensation claims specialists and benefit review and hearing officers. Most field offices also provide health and safety information.

The agency determines field office locations according to claim activity and service demands. For example, financial examiner field staff are located in areas with major corporation headquarters, windstorm inspection staff are located along the coast to inspect and certify construction complies with windstorm building codes, while title examiners live and work throughout the state. Workers' compensation field offices are located in areas with high demand for claims services, customer service, and dispute resolution.

### Windstorm Offices

- Angleton
- Beaumont
- Corpus Christi
- La Marque

### Financial Offices

- Dallas
- Houston
- San Antonio

### Division of Workers' Compensation Offices

- Abilene
- Amarillo
- Austin
- Beaumont
- Corpus Christi
- Dallas
- Denton
- El Paso
- Fort Worth
- Houston East
- Houston West
- Laredo
- Lubbock
- Lufkin
- Midland
- San Angelo
- San Antonio
- Tyler
- Waco
- Weslaco

### State Fire Marshal Offices

- Abilene
- Bryan
- Cedar Park
- Cleburne
- College Station
- Corpus Christi
- Fort Worth
- Fredericksburg
- Gilmer
- Granbury
- Hidalgo
- Houston
- Ingleside
- Livingston
- Lubbock
- Lufkin
- Mexia
- Midland
- New Braunfels
- Pflugerville
- Portland
- San Angelo
- San Antonio
- Seguin
- Springtown
- Troup
- Tyler

# SECTION II: TDI PROGRAM AREAS



Texas Department of Insurance  
2017 Annual Report





## COMPLIANCE DIVISION

---

The Compliance Division protects consumers by overseeing insurance companies and agents and their interactions with consumers. The division is made up of the Consumer Protection Section and the Fraud Unit. A General Management Office directs the division's key activities and provides project management support. The three sections work together to form a compliance continuum that allows consumers, companies, and others to access the department's resources.

### CONSUMER PROTECTION SECTION

The Consumer Protection Section includes the Complaints Resolution, Information Assistance, Public Education, and Special Assignments offices. Consumer Protection helps Texans resolve insurance complaints and provides insurance information to the public through a toll-free Consumer Help Line, outreach events, publications, and the internet.

#### FY 2017 Highlights

- Answered more than 147,000 phone calls.
- Resolved nearly 23,000 complaints.
- Returned an average of \$1,700 per complaint through complaint resolution.
- Distributed more than 4.5 million publications and completed more than 660 outreach presentations to help consumers better understand insurance.
- Assisted consumers in local communities following storms and widespread flooding in North, Central, and Southeast Texas.
- Helped consumers find lost life insurance policies and annuities through the Life Policy Locator Program. Nearly 30 percent of the 2,100 consumers who requested help from TDI during the fiscal year were able to locate a lost policy or annuity.
- Promoted TDI services and enhanced outreach through partnerships with:
  - The Children's Hospital of Austin, the Seton Healthcare Network, the City of Austin, and the Travis County Health and Human Services Department to provide information to parents of uninsured children and other consumers.
  - Texas Health and Human Services, the Texas Legal Services Center, and local Area Agencies on Aging offices statewide to provide information and assistance to older Texans.
  - The Texas Division of Emergency Management and representatives of the insurance industry in the Texas State Disaster Coalition, which facilitates coordinated responses to disasters.
  - The Texas Windstorm Insurance Association to educate coastal consumers about windstorm policies and the claims process.

### FRAUD UNIT

The Fraud Unit protects the public from economic harm by investigating allegations of insurance crimes. Unit responsibilities include reviewing reports of suspected fraud, conducting criminal investigations, and working with state and federal prosecuting agencies. In addition, the unit makes arrests, assists in prosecutions, and proactively educates the industry and consumers on ways to deter insurance fraud in Texas.

Investigations may occur inside or outside of Texas and typically involve one of the following types of fraud:

- Claim fraud committed by consumers or providers against insurance companies, including staged or fake accidents, fake burglary and auto theft claims, arson for profit, claims for medical services that were not provided or were inflated, personal injury schemes, exaggerated claims, organized fraud schemes, disability claimant and provider fraud, and life insurance or annuity fraud.
- Agent crimes, including issuing fictitious policies, premium payment conversions, and policy application fraud.
- Insurance company officers and directors fraudulent activities, including false financial statements to TDI

and misuse of company funds.

- Insurance schemes, including the sale of insurance products not authorized by TDI, individuals not licensed to conduct the business of insurance in Texas, and fraudulent group/individual health plans.
- Insurance premium fraud.
- Mortgage fraud, including fraud by escrow officers, title insurance agents, and title insurance companies.

The Fraud Unit is comprised of a staff of investigators who are all commissioned state peace officers; prosecutors embedded in the district attorneys' offices in Bexar, Dallas, Tarrant, and Travis counties; two prosecutors in the Harris County District Attorney's Office; criminal analysts; administrative staff; and an intake section.

#### **FY 2017 Highlights**

- Opened 490 insurance fraud reports for criminal investigation.
- Referred 135 suspects to state or federal prosecutors, representing \$18 million in fraud identified.
- Obtained \$2.3 million in court-ordered restitution for fraud victims as a result of investigative efforts.
- Those convicted of fraud were sentenced to a combined total of 58.5 years of incarceration, 59 years of probation, 6.4 years of deferred adjudication, 6,930 hours of community service, and \$50,300 in fines.
- Suspects were referred for prosecution in 38 Texas counties, as well as at the federal level.
- A Gainesville clinic owner pled guilty to first-degree felony insurance fraud and was ordered to repay over \$1 million after the investigation found that he billed for chiropractic services without having a licensed chiropractor on staff. In addition to paying restitution, the defendant was sentenced to 10 years deferred adjudication and 200 hours of community service.
- Prosecution and follow-up investigation of a staged vehicle accident ring identified in 2015 resulted in the conviction of the ring leader on a first-degree felony for organized criminal activity. The defendant was sentenced to six years' incarceration and ordered to pay \$280,816 in restitution.

## FINANCIAL REGULATION DIVISION

The Financial Regulation Division is made up of the Licensing Services, Financial Analysis, and Examinations sections. The division performs solvency and market conduct surveillance; supervises insurers, insurance groups, and other risk-bearing entities; and licenses, registers, and certifies insurance market participants. The division fulfills its mission through licensing companies, agents, and adjusters; certifying utilization review agents and independent review organizations; enforcing managed care network adequacy standards; conducting continuous financial analysis and monitoring of insurers; performing on-site financial, market conduct, title agent, and managed care quality assurance examinations; and leading regulatory interventions including receivership for rehabilitation and/or liquidation. The division exercises a proactive approach and early intervention strategy to protect consumers and minimize the risk and size of market participant insolvency.

Financial statements filed by authorized insurers and HMOs for calendar year 2016 reflected \$152.3 billion in Texas premiums and \$119.3 billion in claim payments. These companies reported \$8.6 trillion in aggregate assets, \$7.4 trillion in liabilities, and \$1.2 trillion in capital and surplus. Premiums reported by all other insurance companies for calendar year 2016 reflected \$5.5 billion in Texas premiums.

### LICENSING SERVICES SECTION

The Licensing Services Section includes the Company Licensing and Registration, Agent and Adjuster Licensing, and Managed Care and Quality Assurance offices.

#### FY 2017 Highlights

- The Company Licensing and Registration Office reorganized and cross-trained staff to ensure a high quality of operations as part of its succession planning efforts. This focus has yielded higher productivity and more efficient processing of filings. During FY 2017, the office processed 681 licensing, incorporation, and other complex filings.
- The Agent and Adjuster Licensing Office continued to see improvements associated with the FY 2016 decision to allow non-resident adjuster applications to be submitted to TDI electronically. This modification helped the office achieve processing times of 20 days or less for applications during FY 2017.
- The Managed Care Quality Assurance Office implemented changes in processes and procedures related to monitoring of health plan network adequacy, including adopting rules requiring HMOs to annually file network adequacy reports. HMOs filed 101 network adequacy reports during FY 2017.

#### Number of Company Licenses FY 2013-17

| License Type                           | FY 2013      | FY 2014      | FY 2015      | FY 2016      | FY 2017      |
|--|--------------|--------------|--------------|--------------|--------------|
| <b>Risk Bearing</b>                    |              |              |              |              |              |
| Insurance companies                    | 1,830        | 1,819        | 1,815        | 1,800        | 1,800        |
| HMOs                                   | 53           | 57           | 56           | 57           | 61           |
| Captive insurance companies            | -            | 7            | 17           | 29           | 34           |
| <b>Non-Risk Bearing</b>                |              |              |              |              |              |
| Premium finance companies              | 184          | 184          | 184          | 177          | 188          |
| Continuing care retirement communities | 33           | 33           | 33           | 34           | 34           |
| Third-party administrators             | 683          | 684          | 672          | 691          | 700          |
| <b>Total</b>                           | <b>2,783</b> | <b>2,784</b> | <b>2,777</b> | <b>2,788</b> | <b>2,817</b> |

Note: Does not include 107 foreign risk-retention groups or 210 foreign surplus lines carriers.

## Key Agent and Adjuster Licensing Activities FY 2013-17

| Activity                                      | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 |
|---|---------|---------|---------|---------|---------|
| Agent and adjuster licenses issued            | 71,895  | 81,814  | 99,156  | 104,228 | 107,390 |
| Agent and adjuster licenses renewed           | 136,828 | 147,692 | 146,578 | 98,747  | 140,987 |
| CE provider registrations and renewals        | 598     | 669     | 724     | 793     | 619     |
| CE provider course certification and renewals | 6,750   | 6,181   | 6,397   | 6,378   | 5,942   |
| Company agent appointment activities          | 767,953 | 794,681 | 906,139 | 984,773 | 996,706 |
| Telephone inquiries*                          | 147,965 | 242,308 | 192,739 | 169,272 | 167,926 |
| Title licenses issued (includes renewals)     | 4,933   | 5,081   | 4,529   | 5,475   | 4,784   |
| Title licenses canceled                       | 1,328   | 1,656   | 1,243   | 1,477   | 1,607   |

\* The Agent and Adjuster Licensing Office uses an interactive voice response phone system, which is a 24-hour, non-stop source of licensing information to improve its ability to respond to calls from companies, agents, and the public.

## Number of Agent and Adjuster Licenses, Certificates, and Registrations FY 2013-17

| License Type                                   | FY 2013        | FY 2014        | FY 2015        | FY 2016        | FY 2017        |
|--|----------------|----------------|----------------|----------------|----------------|
| County mutual                                  | 4,037          | 4,024          | 4,072          | 4,618          | 4,389          |
| General lines: life, accident, health, and HMO | 185,697        | 193,485        | 206,868        | 226,348        | 236,521        |
| General lines: property and casualty           | 113,624        | 116,917        | 123,103        | 133,203        | 139,221        |
| Life-only agent                                | 26,879         | 28,648         | 31,427         | 37,534         | 42,359         |
| Personal lines agent                           | 13,938         | 17,292         | 19,718         | 22,876         | 25,024         |
| Insurance service representative               | 1,099          | 1,021          | 981            | 980            | 947            |
| Life not to exceed \$25,000                    | 712            | 847            | 865            | 898            | 895            |
| Limited lines                                  | 5,382          | 5,370          | 5,670          | 6,566          | 7,116          |
| Managing general agent                         | 1,592          | 1,674          | 1,742          | 1,780          | 1,822          |
| Pre-need                                       | 2,726          | 3,233          | 3,543          | 3,900          | 4,008          |
| Surplus lines                                  | 5,895          | 6,067          | 6,403          | 6,737          | 6,964          |
| Adjusters                                      | 97,081         | 100,051        | 109,067        | 119,848        | 130,855        |
| Public insurance adjusters                     | 764            | 781            | 778            | 824            | 859            |
| Full-time home office salaried employees       | 655            | 727            | 519            | 754            | 826            |
| Discount health care program operator          | 61             | 51             | 51             | 50             | 47             |
| Specialty: credit                              | 2,678          | 2,572          | 2,499          | 2,457          | 2,373          |
| Specialty: travel                              | 1,662          | 1,856          | 1,935          | 1,878          | 1,762          |
| Specialty: rental car company                  | 53             | 57             | 57             | 63             | 64             |
| Specialty: self-service storage facility       | 211            | 248            | 256            | 275            | 307            |
| Specialty: telecommunication equipment vendor  | 27             | 24             | 30             | 30             | 28             |
| Life and health insurance counselors           | 623            | 639            | 626            | 648            | 659            |
| Risk managers                                  | 1,154          | 1,122          | 1,124          | 1,137          | 1,118          |
| Reinsurance intermediary                       | 1,307          | 1,235          | 1,098          | 879            | 980            |
| Title agent licenses                           | 1,577          | 561            | 559            | 568            | 582            |
| Direct operations licenses                     | 6              | 6              | 6              | 8              | 10             |
| Escrow officer licenses                        | 6,304          | 6,219          | 6,494          | 6,950          | 7,191          |
| Captive management companies                   | -              | 11             | 18             | 25             | 30             |
| Navigators                                     | -              | 438            | 441            | 404            | 303            |
| CE providers regulated                         | -              | -              | -              | 1,368          | 1,337          |
| CE provider courses regulated                  | -              | -              | -              | 12,209         | 11,745         |
| <b>Total</b>                                   | <b>475,744</b> | <b>495,176</b> | <b>529,950</b> | <b>595,815</b> | <b>630,342</b> |

## Managed Care Quality Assurance Licensing FY 2013-17

| License Type  | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 |
|---|---------|---------|---------|---------|---------|
| <b>Utilization Review Agents</b>                            |         |         |         |         |         |
| Applications received*                                      | 323     | 106     | 168     | 264     | 277     |
| Certified URA original applications approved                | 19      | 12      | 15      | 9       | 10      |
| Certified URA renewal applications approved                 | 73      | 100     | 78      | 84      | 98      |
| Update applications approved                                | 103     | 215     | 94      | 141     | 183     |
| <b>Independent Review Organizations</b>                     |         |         |         |         |         |
| Applications received*                                      | 82      | 29      | 69      | 45      | 26      |
| Original applications approved                              | 2       | 1       | 2       | 1       | 2       |
| Renewal applications approved                               | 40      | 36      | 17      | 25      | 10      |
| Update applications approved                                | 44      | 27      | 21      | 19      | 15      |
| <b>Certified Workers' Compensation Health Care Networks</b> |         |         |         |         |         |
| Total certified WC networks                                 | 28      | 29      | 27      | 30      | 30      |
| Service area expansions approved                            | 7       | 6       | -       | 1       | -       |
| Original WC networks approved                               | 1       | 1       | 3       | 1       | 1       |
| <b>Managed Care Network Adequacy†</b>                       |         |         |         |         |         |
| Network adequacy reports                                    | -       | 43      | 47      | 181     | 224     |
| Access plans  | -       | 9       | 17      | 107     | 173     |
| <b>Provider Network Contracting Entities</b>                |         |         |         |         |         |
| Registrations   | -       | -       | 61      | 1       | 3       |
| Exemptions  | -       | -       | 5       | 4       | -       |

\* Includes original, renewal, and update applications.

† Information reported for FY 2013-16 included data for exclusive provider benefit plans and preferred provider benefit plans. FY 2017 also includes data for HMO plans reflecting a change in rules adopted during the fiscal year.

**FINANCIAL ANALYSIS SECTION**

The Financial Analysis Section monitors, supervises and assesses insurer and insurance group operations and solvency through the analysis of financial statements, business plans, regulatory filings, and regular dialogue with executive management of insurers and insurance groups. The section also oversees supervisory interventions for troubled companies, including companies in receivership for rehabilitation and/or liquidation.

**FY 2017 Highlights**

- Participated in 10 supervisory colleges, including one designated as both a domestic and international systemically-important insurance group. A supervisory college is a forum for cooperation and communication between domestic and international insurance regulators. Joint meetings with regulators and company officials include detailed discussions about financial data, enterprise risk management, and corporate governance.
- Reviewed 17 Own Risk and Solvency Assessment summary reports, which provide information regarding an insurance group's risk management framework and each group's assessment of risk. This information is a key tool for TDI to understand activities in affiliated entities that could lead to financial stress within insurers.
- Tested new risk-focused assessment procedures and processes developed with other state regulators. This project was initiated to encourage consistency and promote greater efficiency among the states.
- Completed the first cycle of the TWIA Assumption Reinsurance Depopulation Program, authorized under Senate Bill 900, 84th Legislature (2015), which involved approving carriers to participate in the program.

**Financial Analysis Reviews FY 2013-17**

| Type    | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 |
|---------|---------|---------|---------|---------|---------|
| Reviews | 768     | 663     | 619     | 618     | 673     |

**Texas Policyholder Premiums, Claim Payments Calendar Years 2012-16**

| Type                             | 2012     | 2013     | 2014     | 2015     | 2016     |
|----------------------------------|----------|----------|----------|----------|----------|
| Claim premiums (in billions)     | \$ 120.7 | \$ 128.8 | \$ 139.2 | \$ 149.8 | \$ 152.3 |
| Payments (in billions)           | \$ 86.7  | \$ 91.7  | \$ 97.9  | \$ 108.1 | \$ 119.3 |
| Payments as a percent of premium | 71.8     | 71.2     | 70.3     | 72.1     | 78.3     |

**Total Capital/Surplus of Insurance Companies Operating in Texas Calendar Years 2012-16**

| Type                                 | 2012   | 2013   | 2014   | 2015   | 2016   |
|--------------------------------------|--------|--------|--------|--------|--------|
| Total capital/surplus (in trillions) | \$ 1.0 | \$ 1.1 | \$ 1.1 | \$ 1.1 | \$ 1.2 |

**Texas Guaranty Association Assessments Calendar Years 2012-16**

| Type                  | 2012          | 2013          | 2014         | 2015       | 2016          |
|-----------------------|---------------|---------------|--------------|------------|---------------|
| Life and health       | \$ 6,855,000* | \$ 11,616,792 | \$ 3,899,715 | \$ -       | \$ 1,999,960  |
| Property and casualty | -             | -             | -            | -          | 20,091,552    |
| Title                 | -             | 2,500,000     | -            | -          | -             |
| TSIG                  | 107,788       | 122,247       | 126,421      | 126,369    | 126,380       |
| Total                 | \$ 6,962,788  | \$ 14,239,039 | \$ 4,026,136 | \$ 126,369 | \$ 22,217,892 |

\* Includes allocated assessment, \$14,825,000, less a credit refund of prior assessments (\$7,970,000), which was redistributed to member insurance companies.

## EXAMINATIONS SECTION

The Examinations Section performs examinations of insurance companies, HMOs, and other insurance-related entities to evaluate a company's financial condition and compliance with statutory requirements, including policyholder treatment. It also performs title agent audits. Examinations are performed on site at the company locations, which are typically in Texas, but may occur anywhere in the continental United States. Of the 408 Texas domestic insurers, approximately 36 percent are physically located outside of Texas.

### FY 2017 Highlights

- Coordinated with other state and federal regulatory agencies, including the Texas Department of Banking and the Federal Reserve Bank, on 48 percent of financial examinations. Coordination efforts conserve state resources and improve the efficiency and effectiveness of the financial examination process.
- Functioned as the lead state on 37 percent of the coordinated financial examinations mentioned above. The lead state coordinates all the examination activities of other state and federal regulators and is responsible for the overall management of the examination, including logistics, assignment, communication, and review.
- Implemented processes and procedures to evaluate compliance with the new Standard Valuation Law included in Senate Bill 1654, 84th Legislature, (2015), which established a principles-based reserving methodology for certain types of life insurance and annuities products. The new law became effective for policies issued on and after January 1, 2017.

### Number of Examinations FY 2013-17

| Examination Type                          | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 |
|---|---------|---------|---------|---------|---------|
| Financial and market conduct examinations | 125     | 116     | 116     | 110     | 105     |
| HMO quality assurance examinations        | 46      | 49      | 31      | 25      | 26      |

### Title Examination Activity FY 2014-16

| Activity                                      | FY 2014 | FY 2015 | FY 2016 | FY 2017 |
|---|---------|---------|---------|---------|
| Annual escrow audits reviewed                 | 540     | 553     | 576     | 572     |
| Title examinations conducted                  | 286     | 308     | 266     | 289     |
| Total amount in escrow accounts (in billions) | \$ 242  | \$ 239  | \$ 303  | \$ 285  |

## **REGULATORY POLICY DIVISION**

---

The Regulatory Policy Division regulates a wide range of insurance products and related coverages offered by insurance companies. Specifically, the division oversees and manages regulatory matters, reviews form and rate filings, researches and collects data, publishes reports to assist policymakers and consumers with insurance-related decisions, and handles the TexasSure Vehicle Insurance Verification program and other special policy initiatives. The division consists of the Property and Casualty Lines, Property and Casualty Actuarial, Inspections, Life and Health Lines, Life and Health Actuarial, and Operations and Planning offices.

### **PROPERTY AND CASUALTY LINES OFFICE**

The Property and Casualty Lines Office regulates various lines of insurance including automobile, homeowners, commercial property, and general liability by reviewing policy forms and educating consumers and the insurance industry. The Form Review Program reviews and processes policy forms, endorsements, and manual rules for property and casualty insurance products. The Form Review and Filings Intake Program reviews and processes policy forms, endorsements, and manual rules for property and casualty insurance products. This area also receives all industry manual rule, rate, and policy form filings, and conducts an initial screening of the filings for compliance with basic filing requirements.

#### **FY 2017 Highlights**

- Adopted rules prescribing guidelines that TWIA must use to settle residential slab claims resulting from a hurricane or tropical storm. The rules will be applicable beginning June 1, 2018. They are based on the TWIA Expert Panel's report, "A Proposed Methodology for Estimating Wind Damage to Residential Slab-Only Claims Resulting from a Hurricane Impacting the Texas Coastline" in accordance with Texas Insurance Code §2210.578.
- Collaborated with the Property and Casualty Actuarial Office and the Financial Regulation Division to approve insurer participation in the first two years of TWIA's assumption reinsurance depopulation program under Texas Insurance Code Chapter 2210, Subchapter O.
- Finalized a report on potential market incentives to encourage the voluntary market to write more wind and hail coverage on the coast under Texas Insurance Code §2210.015.
- Adopted revisions to the Texas Medical Liability Insurance Underwriting Association Plan of Operation to help the association efficiently operate as the residual market for medical liability insurance.
- Issued a Seacoast Survey to obtain information about market conditions and the availability of residential and commercial property insurance along the Texas Gulf Coast.



## Property and Casualty Form Filings Received FY 2013-17

| Filing Type                          | FY 2013       | FY 2014*      | FY 2015       | FY 2016       | FY 2017       |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Personal liability/umbrella          | 47            | 62            | 57            | 66            | 51            |
| Bond and miscellaneous lines         | 567           | 245           | 394           | 403           | 398           |
| Certificate of insurance†            | -             | -             | -             | -             | 10            |
| Commercial automobile                | 1,377         | 659           | 488           | 482           | 483           |
| Commercial property                  | 1,152         | 334           | 487           | 463           | 448           |
| General liability                    | 3,495         | 1,221         | 1,723         | 1,180         | 1,349         |
| Homeowners                           | 265           | 250           | 415           | 365           | 395           |
| Inland marine                        | 772           | 749           | 416           | 284           | 180           |
| Interline filing                     | 327           | 100           | 224           | 135           | 144           |
| Identity theft                       | 2             | -             | 3             | 10            | 11            |
| Commercial multi-peril               | 2,737         | 887           | 1,316         | 1,108         | 1,087         |
| Other personal and commercial lines  | 6             | 3             | 5             | 3             | 11            |
| Personal automobile                  | 536           | 446           | 403           | 450           | 426           |
| Professional liability               | 657           | 387           | 615           | 534           | 512           |
| Workers' compensation                | 290           | 162           | 111           | 93            | 98            |
| Cyber risk†                          | -             | -             | -             | -             | 20            |
| <b>Total Form Filing Submissions</b> | <b>12,230</b> | <b>5,505</b>  | <b>6,657</b>  | <b>5,576</b>  | <b>5,623</b>  |
| <b>Actual Policy Forms Received‡</b> | <b>n/a</b>    | <b>24,393</b> | <b>31,416</b> | <b>24,519</b> | <b>26,131</b> |

## Property and Casualty Form Filings Completed FY 2013-17

| Filing Type                          | FY 2013       | FY 2014*      | FY 2015       | FY 2016       | FY 2017       |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Personal liability/umbrella          | 48            | 58            | 57            | 61            | 55            |
| Bond and miscellaneous lines         | 591           | 237           | 327           | 470           | 363           |
| Certificate of insurance†            | -             | -             | -             | -             | 12            |
| Commercial automobile                | 1,354         | 778           | 498           | 487           | 487           |
| Commercial property                  | 1,100         | 442           | 450           | 495           | 437           |
| General liability                    | 3,644         | 1,395         | 1,711         | 1,222         | 1,348         |
| Homeowners                           | 296           | 287           | 409           | 311           | 414           |
| Inland marine                        | 787           | 293           | 415           | 295           | 173           |
| Interline filing                     | 334           | 98            | 201           | 144           | 134           |
| Identity theft                       | 2             | 1             | 1             | 11            | 13            |
| Commercial multi-peril               | 2,726         | 1,055         | 1,279         | 1,145         | 1,082         |
| Other personal and commercial lines  | 10            | 8             | 4             | 4             | 9             |
| Personal automobile                  | 528           | 521           | 373           | 461           | 431           |
| Professional liability               | 726           | 399           | 546           | 584           | 512           |
| Workers' compensation                | 248           | 166           | 115           | 96            | 103           |
| Cyber risk†                          | -             | -             | -             | -             | 15            |
| <b>Total Form Filing Submissions</b> | <b>12,394</b> | <b>5,738</b>  | <b>6,386</b>  | <b>5,786</b>  | <b>5,588</b>  |
| <b>Actual Policy Forms Received‡</b> | <b>n/a</b>    | <b>21,203</b> | <b>31,184</b> | <b>26,022</b> | <b>28,744</b> |

\* In April 2014, the division retired the legacy database systems and SERFF became the system of record. As a result, the division began counting property and casualty filings by the number of submissions, regardless of the number of forms included in the submission, which is consistent with TDI's performance measure reporting. Additionally, prior to the transition, companies were counted by the number of companies in a submission.

† New code added in 2017.

‡ A single form filing submission may contain multiple policy forms and endorsements; manual rules are filed separately.

## **PROPERTY AND CASUALTY ACTUARIAL OFFICE**

The Property and Casualty Actuarial Office reviews rates for property and casualty insurance policies, analyzes data, and conducts research and special projects. The Actuarial Rate Review Team provides actuarial review of rate and rating plan filings, reviews credit models for compliance, conducts in-depth analyses of the Texas insurance market, and various other analysis and calculation duties related to property and casualty insurance. The Data Services Team provides data analysis; collects information through special calls and surveys; produces data compilations; and collects and maintains statistical data.

### **FY 2017 Highlights**

- Calculated revised classification relativities for workers' compensation insurance, which resulted in an average decrease of 10 percent. The new classification relativities were effective July 1, 2017.
- Assisted the Workers' Compensation Research and Evaluation Group in preparing its biennial report, "Setting the Standard, An Analysis of the Impact of the 2005 Legislative Reforms on the Texas Workers' Compensation System, 2016 Results." One of the key findings was that workers' compensation rates and premiums have decreased more than 55 percent since 2003.
- Adopted changes to the Texas Statistical Plan for Residential Risks to add instructions for reporting codes made available by the statistical agent since the plan's last revision in 2002 and collect information on the depopulation of TWIA.
- Analyzed industry data from a special data call on the cost of weather-related property claims and related litigation and presented the findings to the House Insurance Committee and the Senate Business and Commerce Committee.

## Property and Casualty Rate Filings Received FY 2013-17

| Filing Type   | FY 2013      | FY 2014*     | FY 2015†     | FY 2016†     | FY 2017      |
|---|--------------|--------------|--------------|--------------|--------------|
| Personal liability/umbrella                         | 28           | 24           | 25           | 33           | 30           |
| Bond and miscellaneous lines                        | 294          | 143          | 161          | 186          | 185          |
| Commercial automobile                               | 850          | 263          | 272          | 298          | 361          |
| Commercial property                                 | 505          | 140          | 289          | 207          | 147          |
| General liability                                   | 1,278        | 250          | 517          | 344          | 451          |
| Homeowners  | 233          | 163          | 233          | 202          | 212          |
| Inland marine                                       | 252          | 70           | 92           | 120          | 93           |
| Interline filing                                    | 35           | 5            | 22           | 13           | 26           |
| Identity theft                                      | -            | -            | 2            | 6            | 3            |
| Commercial multi-peril                              | 815          | 276          | 494          | 491          | 396          |
| Other personal and commercial lines                 | 4            | 1            | 1            | 3            | 7            |
| Personal automobile                                 | 631          | 420          | 434          | 531          | 497          |
| Professional liability                              | 193          | 76           | 146          | 158          | 134          |
| Workers' compensation                               | 575          | 331          | 184          | 152          | 194          |
| Cyber risk‡   | -            | -            | -            | -            | 12           |
| <b>Total Property and Casualty Filings Received</b> | <b>5,693</b> | <b>2,162</b> | <b>2,872</b> | <b>2,744</b> | <b>2,748</b> |

## Property and Casualty Rate Filings Completed FY 2013-17

| Filing Type                         | FY 2013      | FY 2014*     | FY 2015      | FY 2016      | FY 2017      |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Personal liability/umbrella         | 36           | 21           | 24           | 31           | 35           |
| Bond and miscellaneous lines        | 287          | 138          | 133          | 216          | 201          |
| Commercial automobile               | 814          | 319          | 368          | 273          | 348          |
| Commercial property                 | 511          | 194          | 275          | 227          | 130          |
| General liability                   | 1,443        | 310          | 499          | 401          | 448          |
| Homeowners                          | 232          | 149          | 242          | 174          | 233          |
| Inland marine                       | 283          | 87           | 110          | 118          | 81           |
| Interline filing                    | 47           | 5            | 12           | 11           | 27           |
| Identity theft                      | -            | -            | 14           | 5            | 4            |
| Commercial multi-peril              | 825          | 328          | 531          | 505          | 389          |
| Other personal and commercial lines | 5            | 1            | 1            | 4            | 8            |
| Personal automobile                 | 688          | 326          | 465          | 535          | 488          |
| Professional liability              | 313          | 75           | 119          | 163          | 176          |
| Workers' compensation               | 673          | 324          | 213          | 153          | 200          |
| Cyber risk‡                         | -            | -            | -            | -            | 7            |
| <b>Total</b>                        | <b>6,157</b> | <b>2,277</b> | <b>3,006</b> | <b>2,816</b> | <b>2,775</b> |

\* In April 2014, the division retired the legacy database systems and SERFF became the system of record. As a result, the division began counting property and casualty filings by the number of submissions, regardless of the number of forms included in the submission, which is consistent with TDI's performance measure reporting. Additionally, prior to the transition, companies were counted by the number of companies in a submission.

† The number of rate filings received for FY 2015 and 2016 have been restated from prior annual reports as they inadvertently included credit scoring model filings.

‡ New code added in 2017.

**INSPECTIONS OFFICE**

The Inspections Office is comprised of three programs. The Loss Control Program is responsible for amusement ride regulation and loss control inspections of insurers. This area also receives and processes forms for the Windstorm Inspections Program. The Engineering Services Program evaluates and recommends building code standards and conducts oversight inspections of professional engineers certifying structures for windstorm coverage. The Windstorm Inspections Program ensures compliance with building specifications for commercial and residential structures to be covered through TWIA.

**FY 2017 Highlights**

- Adopted rules, updated forms, educated stakeholders, and changed the online application to comply with House Bill 2439, 84th Legislature, (2015), which changed the process for obtaining a Windstorm Certification of Compliance (WPI-8).
- Developed and offered an orientation webinar for engineers seeking appointment as a qualified inspector in compliance with House Bill 2439. Offered 25 sessions with 380 engineers attending.

**Voluntary Inspection Program Licenses/Certificates Issued FY 2013-17**

| Activity                     | FY 2013 | FY 2014* | FY 2015 | FY 2016 | FY 2017 |
|------------------------------|---------|----------|---------|---------|---------|
| Licenses/certificates issued | 103     | 94       | 85      | 74      | 72      |

**Windstorm Operations Activities FY 2013-17**

| Activity                          | FY 2013 | FY 2014* | FY 2015 | FY 2016 | FY 2017 |
|-----------------------------------|---------|----------|---------|---------|---------|
| Applications processed            | 37,228  | 31,531   | 24,773  | 44,320  | 33,983  |
| Inspections completed             | 9,401   | 7,600    | 8,804   | 9,276   | 5,517   |
| Certificates of compliance issued | 36,990  | 29,724   | 31,734  | 41,604  | 32,020  |

**Engineering Services Activities FY 2013-17**

| Activity                               | FY 2013 | FY 2014* | FY 2015 | FY 2016 | FY 2017 |
|--|---------|----------|---------|---------|---------|
| Building code interpretations provided | 4,868   | 3,892    | 4,060   | 3,533   | 3,005   |
| Product evaluations                    | 2,229   | 2,187    | 2,154   | 1,985   | 1,464   |

**Amusement Ride Safety and Insurance Act Activities FY 2013-17**

| Activity  | FY 2013 | FY 2014* | FY 2015 | FY 2016 | FY 2017 |
|---|---------|----------|---------|---------|---------|
| Inspection certificates approved                | 7,558   | 9,278    | 9,558   | 9,334   | 10,521  |
| Injuries reported                               | 53      | 69       | 121     | 110     | 89      |
| Non-compliant operators referred to enforcement | 140     | 240      | 169     | 326     | 334     |

**Loss Control Evaluation Activities FY 2013-17**

| Activity  | FY 2013 | FY 2014* | FY 2015 | FY 2016 | FY 2017 |
|---|---------|----------|---------|---------|---------|
| Evaluations completed                             | 205     | 204      | 214     | 208     | 200     |
| Companies rated adequate                          | 198     | 203      | 213     | 206     | 194     |
| Companies rated less than adequate                | 7       | 1        | 1       | 2       | 6       |
| Loss control representative applications reviewed | 204     | 257      | 304     | 379     | 346     |

### **LIFE AND HEALTH LINES OFFICE**

The Life and Health Lines Office regulates a wide range of life, accident, and health-related coverages by reviewing policy forms and educating consumers and the insurance industry. The Life, Annuity, and Credit Program reviews and processes policy forms and endorsements for life, annuity, and credit insurance. The Accident and Health Program reviews and processes policy forms and endorsements for accident and health insurance. The Regulatory Initiatives Team provides legislative analysis and testimony, coordinates legislative implementation, assists with policy coordination for life and health insurance, develops rules and bulletins, and conducts special projects. The Filings Intake Team receives all industry rate, policy form, and advertising filings, and conducts an initial screening of the filings for compliance with basic filing requirements.

#### **FY 2017 Highlights**

- Began accepting the payment of filing fees for life and health forms and rates electronically through the NAIC System for Electronic Rate and Form Filing.
- Administered the Three-Share Premium Assistance Grant Program, which disbursed \$1.9 million during FY 2017. The two regional grant recipients covered 197 participating groups with a total of 1,387 lives, including 929 who received premium assistance.

### **LIFE AND HEALTH ACTUARIAL OFFICE**

The Life and Health Actuarial Office reviews product rates for life health insurance policies, analyzes data, and conducts research and special projects. The Actuarial Rate Review Team reviews rates for life and health insurance policies. The Data Services Team provides data analysis, collects information through special calls and surveys, produces data compilations, and conducts various special projects.

#### **FY 2017 Highlights**

- Held a national leadership role on long-term care initiatives and participated in various working groups related to long-term care insurance.
- Monitored and analyzed market trends relating to premium rate increases on health products subject to the Affordable Care Act, the discontinuance of various product types, and carrier participation in the individual and small employer markets.
- Continued oversight of the transparency grant “Grants to States to Support Health Insurance Rate Review and Increase Transparency in Health Care Pricing, Cycle III”, which includes partnering with the University of Texas, School of Public Health to enhance data TDI collects and publishes about the price of medical services.

## Life and Health Filings Received FY 2013-17

| Filing Type                     | FY 2013       | FY 2014*      | FY 2015       | FY 2016       | FY 2017       |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|
| Annuity                         | 876           | 696           | 680           | 633           | 519           |
| Credit                          | 24            | 19            | 22            | 27            | 41            |
| Health                          | 3,510         | 3,787         | 3,968         | 3,558         | 3,278         |
| Life                            | 1,769         | 1,314         | 828           | 807           | 796           |
| Life settlement                 | 46            | 93            | 116           | 64            | 49            |
| Long-term care                  | 300           | 257           | 219           | 240           | 270           |
| Medicare                        | 947           | 1,046         | 1,085         | 1,103         | 1,087         |
| Multi line                      | 18            | 5             | -             | -             | -             |
| <b>Total Filing Submissions</b> | <b>7,490</b>  | <b>7,217</b>  | <b>6,918</b>  | <b>6,432</b>  | <b>6,040</b>  |
| <b>Forms received</b>           | <b>17,449</b> | <b>17,674</b> | <b>16,985</b> | <b>15,159</b> | <b>13,526</b> |
| <b>Rates received</b>           | <b>4,629</b>  | <b>4,730</b>  | <b>4,855</b>  | <b>3,591</b>  | <b>1,688</b>  |

## Life and Health Filings Completed, Final Disposition FY 2013-17

| Filing Type                     | FY 2013       | FY 2014*      | FY 2015       | FY 2016       | FY 2017       |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|
| Annuity                         | 644           | 714           | 682           | 639           | 521           |
| Credit                          | 26            | 16            | 22            | 31            | 39            |
| Health                          | 3,376         | 3,771         | 4,024         | 3,499         | 3,196         |
| Life                            | 1,599         | 1,362         | 824           | 805           | 790           |
| Life settlement                 | 44            | 91            | 115           | 71            | 47            |
| Long-term care                  | 286           | 275           | 200           | 238           | 284           |
| Medicare                        | 847           | 1,062         | 1,112         | 1,092         | 1,115         |
| Multi line                      | 18            | 5             | -             | -             | -             |
| <b>Total Filing Submissions</b> | <b>6,840</b>  | <b>7,296</b>  | <b>6,979</b>  | <b>6,375</b>  | <b>5,992</b>  |
| <b>Forms received</b>           | <b>15,406</b> | <b>18,331</b> | <b>17,245</b> | <b>15,433</b> | <b>13,243</b> |
| <b>Rates received</b>           | <b>2,835</b>  | <b>3,420</b>  | <b>3,658</b>  | <b>4,088</b>  | <b>3,905</b>  |

1. A single filing submission may contain multiple forms and rates; life and health filings can also contain both forms and rates in a single filing submission.
2. The total for filing submissions received and completed reflects the number of company submissions, regardless of the number of forms or rates included in the submission, which is consistent with TDI's performance measure reporting.

## OPERATIONS AND PLANNING OFFICE

The Operations and Planning Office supports the division for various administrative functions critical to division operations, including personnel actions, purchase requests, contract administration, budget monitoring and analysis, performance measures, and travel coordination. The office also coordinates the division balanced scorecard, project management, business analysis, strategic planning, and assists with various projects and special assignments.

Additionally, the office manages the TexasSure Vehicle Insurance Verification program. The TexasSure program sent more than 1 million notices in FY 2017 to the owners of registered vehicles that appeared to be uninsured. The auto insurance verification system is available to county tax assessor-collector offices in Texas and to law enforcement agencies statewide. The system received an average of 5.8 million insurance verification queries per month during FY 2017.

**STATE FIRE MARSHAL'S OFFICE**

The State Fire Marshal's Office develops and promotes methods of preventing and reducing fire losses. This responsibility is carried out through fire origin and cause investigations, building inspections, code enforcement, fire service industry regulation, and fire prevention program development and promotion. Through a strategy incorporating the principles of prevention, education, and protection, SFMO seeks to create communities well prepared to protect themselves against fire.

The State Fire Marshal's Office consists of: Fire Investigations; Fire Safety Inspections; Licensing Administration and Licensing Investigations; Outreach, Policy, and Research; Texas Fire Incident Reporting System (TEXFIRS); and Public Protection Classification Oversight.

**FY 2017 Highlights**

- Cosponsored the North Texas Fire Marshals' Conference in Richardson on January 24-26, in conjunction with the Fire Prevention Association of North Texas and the North Texas Fire Investigators' Association.
- Conducted or coordinated 98 fire prevention and fire safety presentations.
- Referred 112 arson cases to prosecution, resulting in 35 arrests.
- Investigated 61 fatal arson cases and 74 fatalities.
- Issued two orders, mandating the closure of a hotel and a haunted house for dangerous conditions.
- Deployed four inspectors to Port Arthur to assist with the inspection of houses for dangerous conditions as part of the agency's response to Hurricane Harvey.
- Organized four fire investigation forums and science advisory workgroup meetings, and seven fire marshal discussion series. These events bring SFMO directly to our partners and provide training opportunities.
- Responded to five major fire and explosion incidents, including a firefighter fatality in San Antonio that resulted in the suspect being arrested and charged with arson and murder.
- Two accelerant detection canine handlers obtained Master Trainer Certification and Trainer Certification from the North American Police Work Dog Association. SFMO now has one of only two U.S. Master Trainers.
- Sent six fire investigators to assist Louisiana's SFMO with fire investigations after major flooding.
- Produced and published the annual "Fires in Texas" statewide incident analysis report.
- Generated \$3.1 million in licensing fees.
- Conducted 304 licensing investigations, of which 34 percent were referred to enforcement.
- Issued eight fire marshal consent orders and 47 notice of violations relating to enforcement of fire alarm, extinguisher, sprinkler, and fireworks statutes and rules, with more than \$41,450 in penalties.
- Hosted over 50 teams at an annual canine certification class, in conjunction with the North American Police Work Dog Association and the Dallas Fire Department.
- Approved surveys using the new fire suppression rating schedule to evaluate a community's Public Protection Classification, which resulted in 383 communities improving their ISO rating, 56 of which were presented with an award for achieving a Class 1 or Class 2 ISO rating.
- Collected \$58,105 in inspection fees.

**State Fire Marshal's Office Summary of Activity FY 2016-17**

| Activity  | FY 2016 | FY 2017 | Annual Target |
|---|---------|---------|---------------|
| Fire investigations completed   | 652     | 609     | 600           |
| Samples analyzed in arson laboratory  | 3,271   | 2,610   | 2,500         |
| Investigations/inspections of complaints against fire protection equipment/fireworks industries | 634     | 807     | 550           |
| Buildings inspected/re-inspected for fire safety hazards  | 7,941   | 5,807   | 5,200         |

## ADMINISTRATIVE OPERATIONS

The Administrative Operations Division is responsible for the agency's internal financial functions and provides operational support ranging from computer and database services to professional development and training. It also provides administrative support to OIEC and monitors the agency's compliance with legislative oversight requirements. The division includes Information Technology Services, the Financial Services, Procurement and General Services, and Human Resources offices, and the employee ombudsman and ethics advisor.

### FY 2017 Highlights

- Implemented electronic payment acceptance for Life and Health filings, Financial Examination monthly billings, and annual Overhead Assessment.
- Coordinated and performed four field office projects, including relocating the Angleton and San Antonio field offices and making arrangements to consolidate the Austin field office into Metro.
- Saved \$31,957 in postage using a mail presort services contract.
- Implemented an automated inventory management system for central supply rooms at Hobby and Metro.
- Worked with the Comptroller's Office to implement a new human resources/payroll module in the Centralized Accounting and Payroll/Personnel System (CAPPS).
- Presented nine webinars and 37 training sessions relating to the payroll module project to 522 employees.
- Completed Microsoft Windows remediation project to ensure that TDI is compliant with the Department of Information Resources request to upgrade servers for support and security purposes.
- Deployed 780 computers as part of the laptop obsolescence and special use computer refresh initiatives.
- Completed a DWC project that included updating letters for DWC's plain-language initiative.
- Completed the windstorm system enhancement project, to comply with new legislative requirements.
- Completed the DWC attorney fee project, which included updating systems to comply with new rules for attorney fees that established maximum rates and threshold hours for required written justification.
- Purchased and implemented several software solutions to strengthen TDI's overall security posture.

### Comparison of Maintenance Tax Rates Calendar Years 2012–2016

| Type                              | Max Legal Rate | 2012    | 2013    | 2014    | 2015    | 2016    |
|-----------------------------------|----------------|---------|---------|---------|---------|---------|
| Motor vehicle                     | 0.200          | 0.072   | 0.061   | 0.060   | 0.055   | 0.056   |
| Fire                              | 1.250          | 0.305   | 0.365   | 0.340   | 0.341   | 0.364   |
| Workers' compensation             | 0.600          | 0.108   | 0.065   | 0.066   | 0.065   | 0.064   |
| Casualty                          | 0.400          | 0.151   | 0.112   | 0.080   | 0.077   | 0.072   |
| Title                             | 1.000          | 0.151   | 0.072   | 0.076   | 0.103   | 0.103   |
| Life, accident, and health        | 0.040          | 0.040   | 0.040   | 0.040   | 0.040   | 0.040   |
| Third-party administrators        | 0.265          | 0.035   | 0.027   | 0.010   | 0.013   | 0.010   |
| Prepaid legal                     | 0.022          | 0.029   | 0.020   | 0.020   | 0.022   | 0.021   |
| Workers' compensation evaluation  | 0.000          | 0.017   | 0.014   | 0.016   | 0.015   | 0.016   |
| Division of Workers' Compensation | 2.000          | 1.669   | 1.543   | 1.533   | 1.478   | 1.800   |
| *HMO multi-service                | \$ 1.32        | \$ 1.23 | \$ 0.78 | \$ 0.84 | \$ 0.84 | \$ 0.69 |
| *HMO single-service               | \$ 0.44        | \$ 0.41 | \$ 0.26 | \$ 0.28 | \$ 0.28 | \$ 0.23 |
| *HMO limited service              | \$ 0.44        | \$ 0.41 | \$ 0.26 | \$ 0.28 | \$ 0.28 | \$ 0.23 |

\* HMO rates reflect a dollar amount per enrollee; other rates are given as a percentage



## GENERAL COUNSEL/CHIEF CLERK DIVISION

---

The General Counsel/Chief Clerk Division advises the commissioner on a variety of legal matters and topics including state and federal law application, commissioner orders, appeals to the commissioner, and agency policy. The division is headed by the general counsel, and it includes an assistant general counsel, and an assistant general counsel/chief clerk that manages the Chief Clerk's Office and the Open Record's Office. The Chief Clerk's Office certifies records; maintains commissioner orders, dockets, and bulletins; sends rule filings and notices to the Texas Register; sets cases with the State Office of Administrative Hearings; requests Attorney General representation; and provides agency court reporting services. The Open Records Office oversees the agency's centralized open records process and includes the agency public information coordinator.

### **FY 2017 Highlights**

- Reviewed and advised the commissioner on five contested cases heard by the State Office of Administrative Hearings.
- Reviewed and advised the commissioner on 11 hearings and public meetings.
- Provided legal and technical review in connection with the repeal of six Texas Administrative Code rules and 15 rule adoptions.
- Provided legal and technical review in connection with the adoption of six National Council on Compensation Insurance manual rule filings. Three proposals to adopt new or amended manual rules were pending at the end of FY 2017.
- Reviewed and advised the commissioner regarding orders in connection with regulated persons, including 168 consent orders and 39 default orders.
- Processed 23 bulletins.
- Processed approximately 653 requests for service regarding citations, subpoenas, or demand letters.
- Processed 11,438 public information requests.

## LEGAL AND ENFORCEMENT DIVISION

The Legal and Enforcement Division provides legal services to the insurance commissioner and the agency's divisions. The division investigates allegations of law and rule violations by insurance agents, companies, HMOs, and other licensed and unlicensed entities. The division also manages TDI's law library, coordinates continuing legal education for TDI attorneys, and conducts attorney training. A deputy commissioner heads up the division, which has two sections, the Legal Section and the Enforcement Section.

### **LEGAL SECTION**

Policy Development Counsel provides legal services to the Administrative Operations Division, Regulatory Policy Division, State Fire Marshal's Office, and Consumer Protection Section, pertaining to investigating and settling liability claims against TDI; policy review; life, accident, and health insurance regulation; property and casualty insurance regulation; title insurance regulation; and state fire marshal issues. The office also represents the agency in employment matters and advises on privacy matters and data incident responses.

Financial Counsel provides legal services to the Financial Regulation Division and Administrative Operations Division on matters pertaining to rules, state licensing, financial monitoring, examinations, troubled company intervention, receivership, managed health care quality assurance, and state purchasing and contracts.

### **FY 2017 Highlights**

- Helped enhance agency privacy practices by reviewing TDI's cyber insurance coverage, adoption of data classifications and data handling guidelines, and privacy training; developing incident response procedures; and planning and implementing the inventory and classification of agency data.
- Coordinated the cross-divisional revision of HMO rules, addressing electronic filing requirements and statutory updates, aligning the rule with existing financial regulations, and eliminating duplicative reporting requirements.
- Implemented Senate Bill 481, 84th Legislature, (2015), which expanded the use of mediation to resolve balance bills for bills from out-of-network physicians at in-network facilities.
- Provided significant litigation support to the Office of Attorney General in defending the state's regulatory authority over workers' compensation reimbursement rates for medical services provided by emergency air ambulance companies.
- Analyzed, researched, and drafted bills and legislation on credit for reinsurance. Senate Bill 1070, 85th Legislature, (2017), provides for a reduction in the amount of collateral reinsurers must post to secure their obligations to Texas domestic insurers if the reinsurers meet certain requirements. Under the act, reinsurers must meet financial requirements and reside in a jurisdiction with a history of honoring and enforcing U.S. judgments to qualify for reduced collateral requirements.
- Assisted the Attorney General's Office with an application to abandon unclaimed funds in closed receiverships. The first case filed of 100 involved unclaimed funds of approximately \$7 million, which the court ordered abandoned in June 2017 to pay certain Rehabilitation and Liquidation Oversight Program expenses.
- Assisted and advised with filings, regulator calls, and several large nationwide health insurance mergers in coordination with the Attorney General's antitrust division and the U.S. Department of Justice.
- Assisted financial analysis with assessing individual transactions and company quarterly earnings calls to regulators to determine financial condition.
- Assisted the Rehabilitation and Liquidation Oversight Program to coordinate an appeal of large damages awarded to a receivership estate by a trial court with the Special Deputy Receiver.

## **ENFORCEMENT SECTION**

The Enforcement Section investigates allegations of law and rule violations by insurance agents and companies, HMOs, and other licensed and unlicensed entities. The section receives referrals from other areas of the agency, the public, and other governmental entities. The section reviews issues related to unauthorized insurance, unfair or deceptive acts or practices, unfair claims settlement practices; and disaster-related claims handling. The Enforcement Section also brings actions against companies for excessive rates and participates in hearings to set title insurance rates. The relief sought in these cases may include rate reductions and refunds of excessive premiums paid.

Following an investigation, the Enforcement Section may bring disciplinary actions that result in cease and desist orders, license application denials, license revocations and suspensions, monitored agent probations, administrative penalties, and restitution to harmed consumers.

The Enforcement Section refers cases to the Fraud Unit for criminal prosecution. The section works with the Office of the Attorney General on appeals of disciplinary actions and on enforcement actions conducted by the Attorney General's Consumer Protection Division.

### **FY 2017 Highlights**

- Closed 838 cases, of which 580 cases were concluded with an enforcement action.
- Assessed \$6.3 million in restitution.
- Assessed \$10 million in penalties.
- The Life and Health Litigation Office received referrals and initiated investigations for prompt pay violations and collected \$450,000 in administrative penalties, \$6 million in restitution to consumers, and \$2.3 million in penalties and interest for these types of violations.
- The Property and Casualty Litigation Office resolved cases involving claims handling issues, rate violations, form filing violations, and licensee misconduct resulting in aggregate administrative penalties of over \$7 million.
- The Licensing Litigation Office resolved 329 enforcement cases through commissioner's order, license surrender, or issuance of a warning letter.

## INTERNAL AUDIT

---

The Internal Audit Division provides independent, objective assurance and consulting activities designed to improve the agency's operations. The division helps the agency accomplish its goals and objectives by evaluating the effectiveness of risk management, controls, and governance throughout TDI. The Internal Audit Division provides analyses, appraisals, recommendations, counsel, and information and promotes effective control at reasonable cost.

### **FY 2017 Highlights**

- Completed five financial/performance-related audits.
- Completed three advisory projects resulting in final reports to management and the commissioners.
- Managed graduate students from the McCombs School of Business at the University of Texas as they conducted an agency ethics survey.
- Completed 16 of the 23 projects in the 2017 Audit Plan (70 percent).
- Participated in one fraud investigation.
- Completed an agency risk assessment that led to the 2018 Annual Audit Plan.
- Approved the FY 2018 Audit plan, which includes five ongoing projects, two projects carried forward that had not started, and eight new audit projects.
- Obtained five professional certifications for four different staff members during the year.

## AGENCY AFFAIRS

---

Agency Affairs provides agency communication, coordination, and analysis to help executive leadership develop and monitor regulatory policy and legislative recommendations, set and prioritize agency goals, minimize agency risks, and ensure successful outcomes of enterprise initiatives and projects. Agency Affairs includes two offices: Government Relations and the Office of Strategy Management.

Government Relations manages relations with legislative offices and other governmental bodies, helps the commissioner develop legislative recommendations to improve insurance regulation in Texas; coordinates and tracks responses to legislative and constituent inquiries; monitors, tracks, and analyzes legislation affecting the agency; and researches and reviews possible appointments to agency boards and committees.

The Office of Strategy Management works with staff throughout the agency to help executive leadership ensure that the agency is efficient, effective, transparent, and accountable. It also manage initiatives to achieve agency objectives, strengthen governance, reduce risk, implement best practices, and prepares the biennial strategic plan.

### **FY 2017 Highlights**

- Wrote and distributed TDI's Biennial Report to the 85th Texas Legislature.
- Passed 100 percent of the TDI Biennial Report Recommendations.
- Created implementation plan for all insurance bills from the 85th Legislative Session.
- Monitored and reported progress on goals and initiatives identified in the agency's strategic plan.
- Coordinated agency initiatives to reduce risks to business continuity and information security.

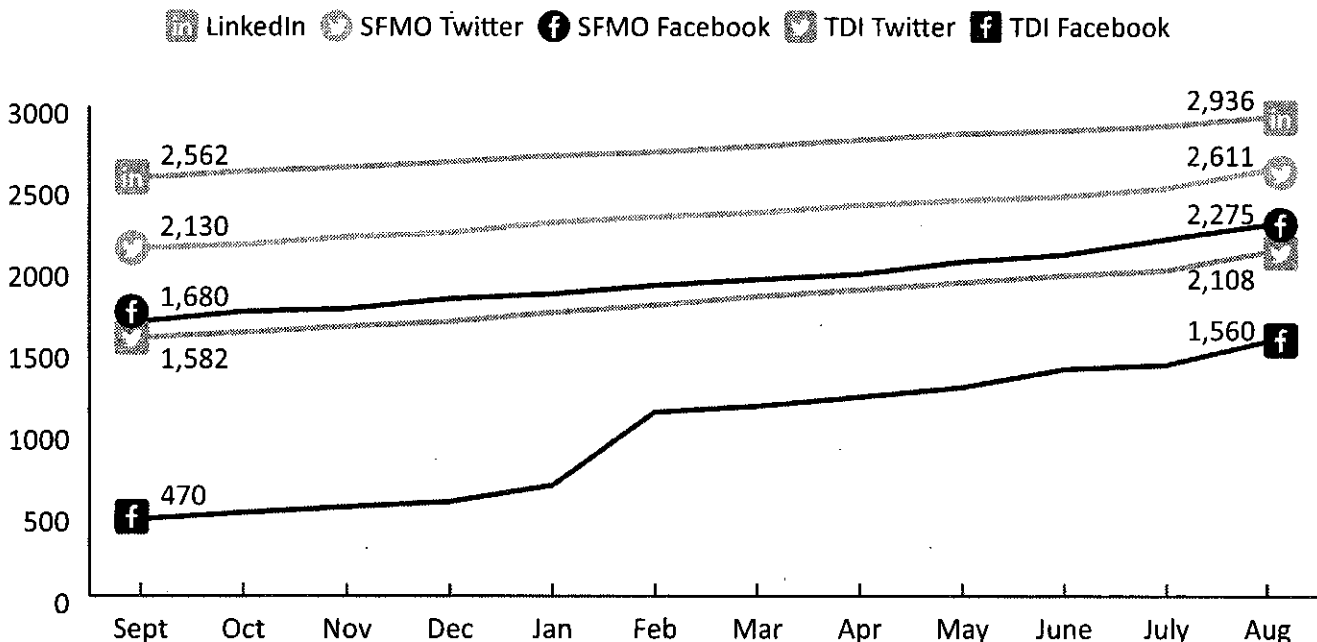
## PUBLIC AFFAIRS

The Public Affairs Division is responsible for responding to media calls, issuing news releases, and developing content for social media and other proactive communications. The division manages the main agency website and the agency’s social media accounts, produces videos, and oversees an email subscription service that serves as a primary means of disseminating agency news and updates. Public Affairs also provides editing and design services to other TDI divisions, handles organizational and logistical support for conferences, and produces a monthly internal newsletter and the agency’s annual report.

### FY 2017 Highlights

- Created a series of new consumer features called Take 5 that break down information into short, easy to understand web pages or videos. Public Affairs produced 36 of these features in FY 2017 on a wide range of topics, including fraud prevention, how TDI can help, understanding deductibles, and home sharing.
- More than doubled the number of subscribers to the agency’s email news service. In FY 2017, TDI had 57,906 subscribers and sent out more than 700 news items and updates using the service. Messages sent using the service have an average engagement rate of 65 percent, well above the public sector median of 53 percent.
- Continued to increase the agency’s social media presence.
- Produced 37 videos to help educate consumers on a variety of insurance and fire safety issues. Topics included how TDI can help with a complaint, tips for teen drivers, windstorm inspections, and preventing fraud after a storm.

Social Media Audience Growth - FY 2017



# SECTION III: DIVISION OF WORKERS' COMPENSATION



Texas Department of Insurance  
2017 Annual Report





## DIVISION OF WORKERS' COMPENSATION

---

The primary duties of the Division of Workers' Compensation (DWC) are to regulate and administer the workers' compensation system in Texas, and to ensure that the Texas Workers' Compensation Act and other laws regarding workers' compensation are implemented and enforced. The basic goals of the Texas workers' compensation system are that:

- Each employee be treated with dignity and respect when injured on the job.
- Each injured employee have access to a fair and accessible dispute resolution process.
- Each injured employee have access to prompt, high-quality medical care.
- Each injured employee receive services to facilitate his or her return to work as soon as it is considered safe and appropriate by the employee's health care providers.

DWC consists of the Commissioner's Administration and five major program areas: Health Care Management, Hearings, Claims and Customer Services, Business Process, and Compliance and Investigations.

### COMMISSIONER'S ADMINISTRATION

Commissioner's Administration includes the Deputy Commissioner for DWC Affairs and Strategic Planning, the Office of External Relations, the Office of the General Counsel, the Office of the Medical Advisor, and the Appeals Panel.

**The Deputy Commissioner for DWC Affairs and Strategic Planning** serves as the chief adviser to the workers' compensation commissioner. The deputy commissioner assists the commissioner with strategic planning and policy guidance, and oversees and coordinates executive decision-making for DWC. The deputy commissioner also serves as the commissioner's primary liaison with the insurance commissioner and TDI operations, and oversees the activities of the special advisor, who performs qualitative research and provides policy guidance on workers' compensation issues, DWC Communications, and the Workers' Compensation Research and Evaluation Group.

**DWC Communications** develops and reviews internal and external communications for DWC. DWC Communications produces a variety of visual and print media that promote DWC's mission, regulatory initiatives, programs, and educational outreach opportunities. DWC Communications also creates strategic plans for upcoming events and communication notices; edits all DWC-related external communications prior to public distribution; and manages distribution of those communications with the agency web team, government relations, and media relations staff. DWC Communications also houses the agency's translation services.

### FY 2017 Highlights

- Completed plain language revisions of more than 20 of the most complicated letters that injured employees receive to make them easier to read and understand. Work is now underway to revise 100 other letters that are sent to injured employees.
- Initiated a TDI website re-design to enable injured employees and other stakeholders to navigate the site more easily and find information they need more quickly. DWC Communications is reviewing and streamlining content on the DWC site.
- Translated 405 documents into Spanish, including complaints from injured employees and DWC letters to and from these claimants. Translating these communications helps give a voice to injured employees and ensures their concerns are addressed quickly.
- Assisted program areas throughout DWC in their response to Hurricane Harvey. Developed a "Harvey Resources" webpage, created social media, and promoted a dedicated email address that stakeholders can use to communicate directly with DWC.
- Created videos, articles, and social media posts on a wide range of issues to help stakeholders understand DWC's role in workers' compensation. These communications also highlighted new initiatives and ways DWC can help stakeholders navigate the system.

- Created marketing materials and products to promote and support the statewide Texas Safety Summit and the Workers' Compensation Education Conferences.

**The Workers' Compensation Research and Evaluation Group** conducts research projects on system-wide issues, such as medical costs and utilization of care trends, return-to-work outcomes for injured employees, and employer participation in the workers' compensation system. Texas and other state legislatures, stakeholders, and research entities across the country utilize and cite the group's research studies on a variety of topics. The group also presents findings and produces an annual "report card" for certified workers' compensation health care networks and political subdivisions. The workers' compensation commissioner reviews and adopts the group's annual research agenda.

#### **FY 2017 Highlights**

- Completed five research projects to examine the operational effectiveness of the workers' compensation system, including:
  - **Setting the Standard: An Analysis of the Impact of the 2005 Legislative Reforms on the Texas Workers' Compensation System, 2016 Results.**
  - **The 2016 Annual Network Report Card**, which compared medical costs, utilization of care, access to care, satisfaction with care, return-to-work outcomes, and functional outcomes for 16 certified health care networks and political subdivision health plans with non-network claims. The report card continued to show how networks treated injured employees at lower costs and generally produced better outcomes compared to non-network claims.
  - **The biennial update of non-subscription estimates, entitled Employer Participation in the Texas Workers' Compensation System: 2016 Estimates.** This showed an increase in employer participation in the system, especially among small employers.
  - **A study establishing a Baseline Evaluation of the Utilization and Cost Patterns of Compounded Drugs in the Texas Workers' Compensation System.**
  - **A study detailing medical costs and utilization patterns for Texas workers' compensation claims, which highlighted the fact that about 67 percent of each benefit dollar is spent on medical care in Texas; that total medical costs continue to decrease in the system; and outlined cost trends for professional, hospital, and pharmacy services in the Texas workers' compensation system.**
- Initiated three research projects to:
  - **Analyze the adequacy of income benefits paid to injured employees in the Texas workers' compensation system.**
  - **Analyze trends in the designated doctor program in the Texas workers' compensation system.**
  - **Conduct outcome comparisons of return-to-work rehabilitation programs by accreditation status.**

#### **OFFICE OF EXTERNAL RELATIONS**

The director of external relations handles all DWC government relations and legislative activities as well as stakeholder outreach. The director of external relations coordinates the division's external communications to ensure consistency and cultivates positive relationships with the Texas Legislature and other stakeholders.

#### **FY 2017 Highlights**

- Provided assistance to the 85th Legislature, which passed all DWC legislative recommendations.
- Secured approximately \$675,000 in additional funding for a workers' compensation fraud prosecution unit, embedded within the Travis County District Attorney's Office.
- Refined internal procedures for coordinated actions on legislative issues.
- Improved processes for DWC communication with stakeholders related to Hurricane Harvey and other catastrophic events that may affect the workers' compensation system, ensuring that all division actions are coordinated and timely responses are provided to time sensitive stakeholder inquiries.

## OFFICE OF THE GENERAL COUNSEL

The general counsel advises the workers' compensation commissioner on legal matters affecting DWC, reviews litigation, and coordinates legal analysis of policy issues. The Office of the General Counsel also advises DWC on legal matters relating to rulemaking, open records, legislation, policy, and specific legal issues involving various program areas. The office also includes Self-Insurance Regulation, which issues certificates of authority to self-insure to qualified private employer applicants.

### FY 2017 Highlights

- Worked collaboratively with the Office of the Attorney General in multiple actions for declaratory and injunctive relief relating to core agency programs.
- Managed the adoption of new and amended agency rules addressing attorney fees and related provisions.
- Developed case strategies and responsive pleadings in state and federal court regarding air ambulance litigation, which involved federal law challenges to DWC's authority to adjudicate fee disputes in accordance with current division fee guidelines.
- Advised the commissioner on all legislative recommendations.
- Advised the commissioner on updates to several forms for clarity and plain language, including the DWC Form-045, "Request to Schedule, Reschedule, or Cancel a Benefit Review Conference (BRC)," and the Plain Language Notices.

## OFFICE OF THE MEDICAL ADVISOR

The Office of the Medical Advisor monitors health care quality in the workers' compensation system by conducting health care provider and other system participant reviews. The medical advisor also recommends rules and policies regarding medical care and medical delivery systems to the workers' compensation commissioner and determines which doctors meet the qualifications for serving as designated doctors.

## APPEALS PANEL

The Appeals Panel reviews decisions on indemnity disputes appealed from DWC contested case hearings and is required by law to issue a written decision on each reversed or remanded case. The Appeals Panel may only issue a written decision on an affirmed case to discuss a case of first impression, address recent changes in law, or correct errors made at the contested case level. In FY 2017, the Appeals Panel issued 3,079 decisions. Once a case has been resolved at the Appeals Panel level, the next step in the dispute resolution process is a request for judicial review at district court.

## HEALTH CARE MANAGEMENT AND SYSTEM MONITORING

Health Care Management provides guidance and support to the Health Care Business Management, Medical Fee Dispute Resolution, Workplace Safety, and Return-to-Work sections.

**Health Care Business Management** supports the operations of the medical advisor and the Medical Quality Review Panel. The panel reviews the actions of doctors and other health care providers, insurance carriers, utilization review agents, and independent review organizations in the workers' compensation system, and it makes recommendations to the medical advisor. This section also:

- Provides internal and external training on medical benefits, as well as outreach to encourage health care providers to participate in the Texas workers' compensation system.
- Researches and analyzes economic factors and treatment protocols to help the commissioner develop rules and guidelines for medical treatments and return to work.

### FY 2017 Highlights

- Encouraged improvements to the quality of patient care by investigating 165 complaints, which led to 10 referrals to enforcement, 26 letters of education, and two medical quality reviews.
- Completed a return-to-work plan-based audit of 12 subjects of which 10 were referred to enforcement.

The audit has revealed that doctors continue to keep injured employees off work without the proper documentation to support their medical decision making, preventing the injured employee from returning to work.

- Completed an independent review organization plan-based audit of 24 medical necessity dispute decisions. The audit revealed that decisions are being issued in accordance with statute and rules, as 20 of the decisions were closed with no action.
- Approved four new members to serve on the Medical Quality Review Panel, which enhances DWC's ability to perform medical duties in accordance with Texas law.

**Medical Fee Dispute Resolution** resolves disputes over the amount of payment for services determined to be medically necessary and appropriate for the treatment of a compensable injury.

#### **FY 2017 Highlights**

- Resolved more than 3,600 medical fee disputes, with a total amount in dispute of \$14 million. About \$5 million was resolved through education and agreements, with \$9 million resolved by DWC decisions.
- Reduced a backlog of pending medical fee disputes from 17,054 in August 2009 to about 500 in August 2017. This does not include about 900 air ambulance disputes that were abated due to ongoing litigation. The reduction allows quicker resolution of new disputes and frees DWC resources for other priorities. Resolving disputes quickly benefits health care providers, insurance carriers, and injured employees.

**Workplace Safety** provides Texas employers and employees with health and safety resources and services to help prevent occupational injuries and illnesses. This includes occupational safety and health consultations, safety training and educational materials, insurance company loss control inspections, a safety violations hotline, and Texas injury and illness data collection for the U.S. Department of Labor, Bureau of Labor Statistics. Workplace Safety also coordinated the 21st annual safety conference.

#### **FY 2017 Highlights**

- Approved Lone Star Safety Program Awards for 12 companies with exemplary workplace safety programs and low rates of work-related injuries and illnesses. Highlighting employers that have made safety a priority encourages others to participate in the program, which helps them save money and keep employees safer on the job.
- Helped employers improve safety programs and assess their work sites for safety by performing 3,285 safety inspections and consultations.
- Reduced workplace risk for thousands of employees by working with employers to remove 6,177 safety hazards.
- Improved workplace safety by providing free internet safety publications that were viewed nearly 2.3 million times.
- Provided direct safety intervention to 67,435 employees through face-to-face training, DVDs, and other safety products and services.
- Improved construction workplace safety and health hazard awareness by training 1,431 employees in 78 free OSHA classes.
- Worked to reduce fatal transportation incidents through online occupational driving safety guidance that was viewed 10,218 times and presented at 21 seminars and conferences. Workplace Safety also hosted three train-the-trainer classes for the National Safety Council's "Our Driving Concern: Texas Employer Traffic Safety" program.

**Return to Work** provides internal and external training on the importance of bringing an injured employee back to work and administers a grant program for small employers that provides reimbursement for workplace modifications that facilitate an employee's return to work.

#### **FY 2017 Highlights**

- Continued to improve employee return-to-work rates by training 9,676 employers at 44 seminars and presentations across the state. Developed and began enhanced return-to-work outreach training services to help doctors and other health care providers improve injured employee outcomes. This program is in its initial stages.
- Provided return-to-work education through easily accessible web publications that were viewed nearly 51,000 times. System stakeholders also received 2,306 hard copies of DWC's return-to-work publication.
- The percentage of network-treated injured employees who went back to work after their injury increased by 6 percentage points, from 87 percent in 2011 to 93 percent in 2017. The return-to-work rate for non-network injured employees has remained relatively steady at 88 percent for the same timeframe.

### **COMPLIANCE AND INVESTIGATIONS**

Compliance and Investigations monitors system compliance, pursues the enforcement of violations of the Workers' Compensation Act and Rules, and oversees the investigation and prosecution of workers' compensation fraud. Compliance and Investigations includes Compliance Review, Monitoring and Analysis, Audits and Investigations, Enforcement, the DWC Fraud Unit, and the DWC Fraud Prosecution Unit.

**Compliance Review, Monitoring and Analysis, and Audits and Investigations** are responsible for monitoring compliance by system participants. They do so by analyzing system data, identifying noncompliance, making referrals for enforcement proceedings, performing audits, and administering the Performance Based Oversight program (a legislatively required biennial report card for insurance carriers and health care providers).

#### **FY 2017 Highlights**

- Returned more than \$985,000 to system participants by resolving more than 4,700 complaints.
- Returned more than \$761,000 to injured employees, their beneficiaries, and the Subsequent Injury Fund by completing 59 performance audits.
- Performed an assessment of 115 selected insurance carriers as part of the Performance-Based Oversight program. Results of the assessment placed the carriers in three regulatory tiers that distinguished among poor (three carriers), average (70 carriers), and high performers (42 carriers) in the system. Health care providers are being assessed in 2017.

**Enforcement** oversees the intake, investigation, and enforcement of alleged violations in the workers' compensation system. Enforcement actions are generally based on priorities set by the commissioner, but may also be the result of DWC's medical review process or conduct by a system participant that could harm an injured employee or the workers' compensation system. Once a referral is opened as an enforcement action, the case may be resolved through a consent order, or may proceed to the State Office of Administrative Hearings for an evidentiary hearing. Medical review cases may also include an informal settlement process composed of medical quality review panel members and respondents, and their attorneys.

#### **FY 2017 Highlights**

- Assessed \$1.4 million in fines for violations of the workers' compensation system.
- Removed four designated doctors from participation in the workers' compensation system.
- Implemented new internal procedures to build stronger enforcement actions and to help identify violations throughout the life of a workers' compensation claim.

**The DWC Fraud Unit** investigates allegations of workers' compensation insurance fraud. Its responsibilities include reviewing fraud reports from system participants, conducting investigations, and working with state and federal prosecuting agencies.

The DWC Fraud Unit investigations typically involve one of the following types of fraud:

- Premium fraud committed by employers, which includes misclassification and false certificates;
- Insurance carrier fraud, which includes insurance carrier officers and directors who commit fraudulent activities, such as fictitious claims and kickbacks;
- Health care provider fraud, which includes overbilling, up-coding, and billing for services not provided;
- Attorney fraud, which includes overbilling, false claims, and kickbacks; or
- Claimant fraud committed by injured employees, which includes working and drawing benefits, malingering, and false claims;

#### **FY 2017 Highlights**

- Opened 170 workers' compensation fraud investigations.
- Referred 12 workers' compensation fraud cases for prosecution.
- Obtained one health care fraud conviction.

**The DWC Fraud Prosecution Unit** was formed in September 2017 in accordance with a budget rider passed by the 85th Texas Legislature. The unit is embedded with the Travis County District Attorney's Office and consists of four employees, including a prosecutor and an investigator.

#### **HEARINGS**

Hearings oversees a multi-tiered administrative dispute-resolution system for indemnity disputes and certain medical disputes. This system consists of benefit review conferences, in which the parties endeavor to mediate their disputes, and progresses to a more formal contested case hearing in situations where the parties are unable to reach agreement. At a contested case hearing, the parties present evidence in support of their contentions to an administrative law judge, who then issues a written decision on the dispute. These proceedings are held at DWC field offices and other sites across the state. Issues not resolved to either parties' satisfaction through benefit review conferences and contested case hearings may be appealed to DWC's Appeals Panel.

#### **FY 2017 Highlights**

- Helped injured employees and insurance carriers resolve benefit disputes by conducting 15,330 benefit review conferences and 7,488 contested case hearings.
- Developed a plan for online dispute resolution that will allow parties to participate remotely in benefit review conferences. The system will provide video conferencing, document sharing, and virtual breakout rooms for private caucuses. Conducted extensive testing with Information Technology Services regarding technical feasibility, trained OIEC and the State Office of Risk Management, and held numerous mock virtual benefit review conferences. DWC plans to implement a pilot project early in FY 2018 in selected DWC field offices and broaden availability to all system participants later in the year.
- Implemented new rules raising attorneys' hourly fees for the first time since 1991; also placed restrictions on attorney withdrawal from representation when dispute resolution proceedings are pending. Prior to the new withdrawal rule, DWC received about 100 notices of withdrawal each month by attorneys for injured employees, which caused proceeding delays that disadvantaged employees and disrupted DWC's dockets. Since the rule has been in place, the number of attorneys seeking to withdraw from cases while a proceeding is pending has dropped to about 10 per month.
- Developed and published amendments to the Form-DWC045 to better inform parties of their option to go straight to a contested case hearing without proceeding first through the benefit review conference process in appropriate cases. This allows for quicker resolution of disputes in the occasional situation when parties are ready for hearing and are unlikely to reach agreement at a benefit review conference.

- Expanded the two-step hearings process for certain complex disputes is resulting in more agreements and better outcomes. As of October 1, 2017, the parties to 243 division proceedings involving these issues have opted for the two-step process, and more than a quarter of these proceedings are resulting in agreed outcomes. This means fewer contested case hearings and quicker resolution of multifaceted disputes.

## **CLAIMS AND CUSTOMER SERVICES**

Claims and Customer Services oversees the operation of 20 field offices across the state and related functions in the Austin headquarters, providing education and promoting informal dispute resolution by facilitating communication between system participants. Injured employees and other system participants who need information and assistance may visit a local field office or call the Claims and Customer Services line. Designated field office staff are assigned as the DWC single point of contact for injured employees receiving services from DWC.

### **FY 2017 Highlights**

- Provided information and assistance to about 200,000 injured employees and other system participants in the virtual call center; assisted about 5,000 injured employees at field offices; and processed more than 15,000 requests from insurance carriers or injured employees on a variety of issues.
- Decreased call wait times for system participants by implementing a new call queue for non-technical questions relating to the status of forms or dispute proceedings.
- Increased outreach efforts by conducting 200 free education sessions across the state for injured employees and by creating new education presentations for treating doctors and employers.
- Conducted internal compliance workshops that resulted in the identification and referral of 2,869 potential administrative violations to Compliance and Investigations for further action.
- Facilitated dispute resolution by helping designated doctors obtain medical records needed to perform examinations for more than 1,200 claims.

## **BUSINESS PROCESS**

Business Process is responsible for activities that support DWC's administration of the workers' compensation system. Business Process oversees Designated Doctor Education and Operations, Outreach Planning and Coordination, Information Management Services, and Records Management and Support.

**Designated Doctor Education and Operations** provides education, training, resources, and direction to designated doctors and other system participants to ensure qualified doctors evaluate injured employees. This section also oversees designated doctor examination scheduling and testing, including test development and administration. In FY 2017, 572 doctors attended DWC-sponsored designated doctor certification courses, and 188 doctors attended other designated doctor training events.

### **FY 2017 Highlights**

- Issued an informal rule draft for stakeholder input that proposes changes to designated doctor qualifications and clarifies the appointment offer methodology. The purpose of these changes is to increase physician participation in the designated doctor program and clarify qualification requirements for designated doctors.
- Began offering case-based workshops for designated doctors via webinars, reducing costs for doctors attending the training.
- Continued recruiting efforts to attract physicians to become designated doctors with a new educational video that explains the program and specialized training sessions to encourage psychologists and neuropsychologists to act as referral doctors for the program.

**Outreach Planning and Coordination** oversees delivery of educational opportunities to system participants through education and compliance conferences, speaking engagement coordination, and agency calendar management. This section also provides support for DWC internal and external training.

**FY 2017 Highlights**

- Organized the annual DWC Education Conference, providing workers' compensation educational outreach to more than 300 attendees. In spring 2018, the DWC Education Conference will merge with the Safety Summit to become the Texas Workers' Compensation Conference. The Texas Workers' Compensation Conference will give industry professionals practical information to improve workplace safety and enhance the quality of the Texas workers' compensation system.
- Coordinated more than 548 presentations by DWC staff to external consumer groups.

**Information Management** works to streamline and increase the effectiveness of service delivery, and provides automated solutions to the business process needs of DWC and system participants. This section also maintains processes for retrieving workers' compensation claim data requested by system participants.

**FY 2017 Highlights**

- Issued a request for proposal for a consulting vendor to assess DWC's legacy data systems, survey other states' automation solutions, and make recommendations for system replacement.
- Increased participation by system participants in DWC's electronic document processing services. These services, including fax-back receipt and secure file transfer, increase the security of information submitted to DWC and further the goal of creating a paperless claims environment.
- Made improvements to DWC dispute tracking system to automate the scheduling orders process and add information to dispute case information for use by DWC benefit review officers and administrative law judges.

**Records Management and Support** maintains records associated with injured employee claim files and insurance coverage information. The group also facilitates the exchange of electronic records from external customers to DWC.

**FY 2017 Highlights**

- Worked with an external vendor to scan 13,000 boxes of paper claim file records maintained at the DWC Records Center, which will increase record search efficiency, provide more secure storage, and save hundreds of thousands of dollars in future annual rental costs. The entire project, involving almost 20,000 boxes of files, is planned for completion in December 2017.
- Implemented a new electronic process for incoming document identification, which increased efficiency and reduced errors when identifying and routing documents to DWC program areas.
- Implemented a new electronic process for verifying whether an injured employee receives health care through a certified workers' compensation health care network. The new process increased the timeliness and efficiency regarding requests for required medical examinations from insurance carriers and requests for changes of treating doctor from injured employees.



# SECTION IV: SUMMARY OF COMPANY DATA



Texas Department of Insurance  
2017 Annual Report



## 10-Year History Certificate of Authority

| Type                                    | FY 2008      | FY 2009      | FY 2010      | FY 2011      | FY 2012      | FY 2013      | FY 2014      | FY 2015      | FY 2016      | FY 2017      |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Life and Health Insurers†</b>        |              |              |              |              |              |              |              |              |              |              |
| Texas                                   | 170          | 161          | 161          | 157          | 153          | 149          | 146          | 145          | 145          | 140          |
| Non-Texas                               | 520          | 514          | 504          | 499          | 485          | 483          | 479          | 477          | 475          | 474          |
| Non-US                                  | -            | -            | -            | -            | 7            | 6            | 6            | 6            | 6            | 6            |
| <b>Subtotal</b>                         | <b>690</b>   | <b>675</b>   | <b>665</b>   | <b>656</b>   | <b>645</b>   | <b>638</b>   | <b>631</b>   | <b>628</b>   | <b>626</b>   | <b>620</b>   |
| <b>Property and Casualty Insurers††</b> |              |              |              |              |              |              |              |              |              |              |
| Texas                                   | 250          | 250          | 243          | 238          | 236          | 231          | 224          | 235          | 245          | 221          |
| Non-Texas                               | 942          | 948          | 948          | 947          | 935          | 948          | 946          | 952          | 940          | 941          |
| Non-US                                  | -            | -            | -            | -            | 18           | 17           | 16           | 15           | 16           | 17           |
| <b>Subtotal</b>                         | <b>1,192</b> | <b>1,198</b> | <b>1,191</b> | <b>1,185</b> | <b>1,189</b> | <b>1,196</b> | <b>1,186</b> | <b>1,202</b> | <b>1,201</b> | <b>1,179</b> |
| <b>Other Entities‡</b>                  |              |              |              |              |              |              |              |              |              |              |
| Texas                                   | 348          | 353          | 350          | 332          | 324          | 301          | 303          | 295          | 298          | 295          |
| Non-Texas                               | 486          | 504          | 515          | 512          | 487          | 464          | 467          | 462          | 480          | 494          |
| Non-US                                  | -            | -            | -            | -            | 7            | 6            | 6            | 6            | 6            | 7            |
| <b>Subtotal</b>                         | <b>834</b>   | <b>857</b>   | <b>865</b>   | <b>844</b>   | <b>818</b>   | <b>771</b>   | <b>776</b>   | <b>763</b>   | <b>784</b>   | <b>796</b>   |
| <b>Grand Total</b>                      | <b>2,716</b> | <b>2,730</b> | <b>2,721</b> | <b>2,685</b> | <b>2,652</b> | <b>2,605</b> | <b>2,593</b> | <b>2,593</b> | <b>2,611</b> | <b>2,595</b> |

† Includes stock life; mutual life; life port of entry; government-created life and health; stipulated premium; retirement system and pension (formerly, nonprofit life insurance); fraternal; multiple employer welfare arrangements; local mutual aid; local mutual burial; exempt associations; and nonprofit hospital service corporations. Due to a FY 2012 database conversion, non-US life and health insurers can be reported.

†† Includes stock fire; mutual fire; stock fire and casualty; mutual fire and casualty; stock casualty; mutual casualty; government-created fire and casualty; mortgage guaranty; Mexican casualty; Lloyds; reciprocals; title; domestic risk retention groups; joint underwriting associations; workers' compensation self-insurance groups; county mutuals; and farm mutuals. Due to a FY 2012 database conversion, non-US property and casualty insurers can be reported.

‡ Includes nonprofit legal services corporations; third-party administrators; continuing care retirement communities; and HMOs. Continuing care retirement communities were added in FY 1988 and third-party administrators FY 1989. Due to a FY 2012 database conversion, non-US other entities can be reported.

\* Includes 1,845 licensed insurance companies, 61 HMOs, 34 continuing care retirement communities, and 700 third-party administrators, but does not include 188 premium finance companies and their 16 branch offices.

## Company Licensing Reconciliation

|   |              |
|---|--------------|
| Companies licensed as of August 31, 2016  | 2,611        |
| Companies organized or licensed during year   | 80           |
| Less companies reinsured/merged; withdrawn, canceled, dissolved; redomesticated/domesticated; or placed in permanent receivership during year | - 62         |
| <b>Companies Licensed as of August 31, 2017</b>   | <b>2,629</b> |

## Entities Licensed in Texas FY 2017

| Type                  | Texas     | Non-Texas | Non-US   | Total     |
|-----------------------|-----------|-----------|----------|-----------|
| Property and Casualty | 5         | 21        | -        | 26        |
| Life                  | 2         | 4         | -        | 6         |
| Other*                | 8         | 34        | -        | 42        |
| <b>Total</b>          | <b>15</b> | <b>59</b> | <b>-</b> | <b>74</b> |

\* Includes nonprofit legal services corporations, HMOs, third-party administrators; continuing care retirement communities.

## Entities Authorized to Write Business in Texas FY 2017

| Entity   | Texas      | Non-Texas    | Non-US    | Total        |
|--|------------|--------------|-----------|--------------|
| <b>Traditional</b>                             |            |              |           |              |
| Mutual Life Insurance Companies                | 1          | 26           | -         | 27           |
| Life Port-of-Entry                             | -          | -            | 1         | 1            |
| Government Created Life Insurance Companies    | -          | -            | -         | -            |
| Retirement System and Pension                  | -          | 1            | -         | 1            |
| Stock Life Insurance Companies                 | 96         | 418          | 4         | 518          |
| Stipulated Premium Life Insurance Companies    | 23         | -            | -         | 23           |
| Nonprofit Hospital Service Corporations        | 1          | -            | -         | 1            |
| Mutual Fire Insurance Companies                | 1          | -            | -         | 1            |
| Stock Fire Insurance Companies                 | 1          | 3            | -         | 4            |
| Mutual Casualty Insurance Companies            | 1          | 11           | -         | 12           |
| Stock Casualty Insurance Companies             | 13         | 149          | -         | 162          |
| Mutual Fire and Casualty Insurance Companies   | 2          | 46           | 1         | 49           |
| Stock Fire & Casualty Insurance Companies      | 96         | 675          | 2         | 773          |
| Government Created Fire and Casualty Companies | 3          | -            | -         | 3            |
| Mortgage Guaranty Insurance Companies          | 1          | 20           | -         | 21           |
| Mexican Casualty Insurance Companies           | -          | -            | 14        | 14           |
| Lloyds   | 39         | -            | -         | 39           |
| Reciprocal Exchanges                           | 7          | 16           | -         | 23           |
| Joint Underwriting Associations                | -          | 3            | -         | 3            |
| Risk Retention Groups                          | 1          | -            | -         | 1            |
| County Mutual Fire Insurance Companies         | 23         | -            | -         | 23           |
| Fraternal Benefit Societies                    | 6          | 28           | 1         | 35           |
| Title Insurance Companies                      | 10         | 18           | -         | 28           |
| Nonprofit Legal Services Corporation           | 1          | -            | -         | 1            |
| Basic HMOs                                     | 41         | 5            | -         | 46           |
| Single-Service HMOs                            | 13         | -            | -         | 13           |
| Limited HMOs                                   | 2          | -            | -         | 2            |
| Local Mutual Aid Associations                  | 2          | -            | -         | 2            |
| Local Mutual Burial Associations               | 1          | -            | -         | 1            |
| Exempt Associations                            | 6          | -            | -         | 6            |
| Farm Mutual Fire Insurance Companies           | 17         | -            | -         | 17           |
| <b>Subtotal</b>                                | <b>408</b> | <b>1,419</b> | <b>23</b> | <b>1,850</b> |
| <b>Non-Traditional</b>                         |            |              |           |              |
| Continuing Care Retirement Communities         | 31         | 3            | -         | 34           |
| Multiple Employer Welfare Arrangements         | 4          | 1            | -         | 5            |
| Workers' Compensation Self Insurance Groups    | 6          | -            | -         | 6            |
| Third-Party Administrators                     | 207        | 486          | 7         | 700          |
| Captive Insurance Companies                    | 34         | -            | -         | 34           |
| <b>Subtotal</b>                                | <b>282</b> | <b>490</b>   | <b>7</b>  | <b>779</b>   |
| <b>Grand Total</b>                             | <b>690</b> | <b>1,909</b> | <b>30</b> | <b>2,629</b> |

## New Companies Organized or Admitted to Texas FY 2017

| Company Type                                | Texas     | Non-Texas | Non-US   | Total     |
|---|-----------|-----------|----------|-----------|
| Stock Life Insurance Companies              | 1         | 2         | -        | 3         |
| Fraternal                                   | -         | 1         | -        | 1         |
| Stock Fire and Casualty Insurance Companies | 2         | 15        | -        | 17        |
| Mutual Casualty Insurance Companies         | -         | -         | -        | -         |
| Stock Casualty Insurance Companies          | 2         | 5         | -        | 7         |
| Mortgage Guaranty Insurance Companies       | -         | -         | -        | -         |
| Continuing Care Retirement Communities      | -         | -         | -        | -         |
| HMOs  | 3         | 1         | -        | 4         |
| Third-Party Administrators                  | 5         | 33        | -        | 38        |
| <b>Total*</b>                               | <b>13</b> | <b>57</b> | <b>-</b> | <b>70</b> |

\* Excludes captive insurance companies.

## Canceled Certificate of Authority Report FY 2017

| Company Type                          | Reinsured/<br>Merged | Dissolved,<br>Withdrawn, or<br>Canceled | Redomesticated/<br>Domesticated | *Permanent<br>Receivership | Total     |
|---------------------------------------|----------------------|---|---------------------------------|----------------------------|-----------|
| <b>Texas Companies</b>                |                      |   |                                 |                            |           |
| Stock Life                            | 1                    | 1                                       | -                               | -                          | 2         |
| Mutual Life                           | -                    | -                                       | -                               | -                          | -         |
| Stipulated Premium                    | -                    | -                                       | -                               | -                          | -         |
| Stock Fire and Casualty               | 1                    | -                                       | -                               | -                          | 1         |
| Lloyds                                | -                    | -                                       | -                               | -                          | -         |
| Third-Party Administrators            | -                    | -                                       | -                               | -                          | -         |
| <b>Subtotal</b>                       | <b>2</b>             | <b>1</b>                                | <b>-</b>                        | <b>-</b>                   | <b>3</b>  |
| <b>Non-Texas Companies</b>            |                      |   |                                 |                            |           |
| Life Port-of-Entry                    | -                    | -                                       | -                               | -                          | -         |
| Stock Life                            | 2                    | -                                       | -                               | -                          | 2         |
| Stock Fire & Casualty                 | 10                   | -                                       | -                               | 1                          | 11        |
| Stock Casualty                        | 1                    | -                                       | -                               | -                          | 1         |
| Multiple Employer Welfare Arrangement | -                    | -                                       | -                               | -                          | -         |
| Third-Party Administrators            | -                    | -                                       | -                               | -                          | -         |
| <b>Subtotal</b>                       | <b>13</b>            | <b>-</b>                                | <b>-</b>                        | <b>1</b>                   | <b>14</b> |
| <b>Grand Total</b>                    | <b>15</b>            | <b>1</b>                                | <b>-</b>                        | <b>1</b>                   | <b>17</b> |

\* The numbers in this column represent Certificates of Authority that have been canceled because an entity was placed into receivership. The Certificate of Authority of a company that is placed in permanent receivership is not automatically canceled. Therefore, these numbers do not reconcile to the number of receiverships for FY 2014. Only the companies that had their Certificates of Authority canceled are included in this section.

**REHABILITATION AND LIQUIDATION OVERSIGHT REPORT****Receiverships by Fiscal Year FY 2013-17**

| Status               | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 |
|----------------------|---------|---------|---------|---------|---------|
| Beginning Balance    | 34      | 30      | 28      | 26      | 27      |
| New Receiverships    | 3       | 1       | -       | 2       | -       |
| Receiverships Closed | 7       | 3       | 2       | 1       | -       |

**Open Receiverships at End of FY 2017**

- Companies in Receivership for Rehabilitation
  - AmCare Health Plans of Texas and AmCare Management, Inc.
  - Good Samaritan Life Insurance Company
  - Highlands Insurance Company
  - Universal Insurance Exchange
  - Vesta Fire Insurance Corporation
  - Shelby Casualty Insurance Company
  - Shelby Insurance Company
  - Texas Select Lloyds Insurance Company
  - SelectInsurance Services, Inc.
  - Vesta Insurance Corporation
  - Family Life Insurance Company of America
  - Lone Star Life Insurance Company
  - Peters Burial Association
  - American Founders Financial Corporation
  - Lincoln Memorial Life Insurance Company
  - Memorial Service Life Insurance Company
  - National Prearranged Services, Inc.
  - Austin Indemnity Lloyds Insurance Company and Austin Indemnity Management Company, LLC
  - Mi Tierra Title, LLC
  - National Charity Title, Inc.
  - W.I.N. Association
  - Gramercy Insurance Company
  - Santa Fe Auto Insurance Company
  - Universal HMO of Texas, Inc.
  - San Antonio Indemnity Company
  - Alicot Insurance Company
  - Millennium Closing Services LLC, dba Millennium Title

## OVERVIEW: TEXAS INSURANCE MARKET

## All Admitted and Alternative Carriers Subject to TDI Requirements - 2016

| Type Of Business      | Texas Premiums            |
|-----------------------|---------------------------|
| Life                  | \$ 11,460,305,298         |
| Annuity               | 22,992,828,162            |
| Accident and Health   | 38,518,211,185            |
| Property and Casualty | 52,506,612,044            |
| HMO                   | 30,345,056,071            |
| Title                 | 2,044,786,733             |
| Other*                | 4,506,005                 |
| <b>Grand Total</b>    | <b>\$ 157,872,305,498</b> |

| Recap                                 | Texas Premiums            |
|---------------------------------------|---------------------------|
| Total Admitted Market (Figure 35B)    | \$ 152,337,815,470        |
| Total Alternative Market (Figure 35C) | 5,534,490,028             |
| <b>Grand Total</b>                    | <b>\$ 157,872,305,498</b> |

\* Includes local mutual aid associations, local mutual burial associations, exempt associations, and nonprofit legal service companies.

## Total Admitted Market – Carriers holding a Certificate of Authority (License) issued by TDI - 2016

| Type of Business       | Texas Companies          | Non-Texas Companies      | Total Admitted Market     |
|------------------------|--------------------------|--------------------------|---------------------------|
| Life                   | \$ 940,405,639           | \$ 10,519,899,659        | \$ 11,460,305,298         |
| Annuity                | 3,698,412,985            | 19,294,415,177           | 22,992,828,162            |
| Accident and Health    | 4,426,543,031            | 34,091,668,154           | 38,518,211,185            |
| Property and Casualty* | 23,080,012,889           | 23,892,109,127           | 46,972,122,016            |
| HMO                    | 27,300,575,285           | 3,044,480,786            | 30,345,056,071            |
| Title                  | 792,895,610              | 1,251,891,123            | 2,044,786,733             |
| Other**                | 4,506,005                |                          | 4,506,005                 |
| <b>Total</b>           | <b>\$ 60,243,351,444</b> | <b>\$ 92,094,464,026</b> | <b>\$ 152,337,815,470</b> |

\* Includes local mutual aid associations, local mutual burial associations, exempt associations, and nonprofit legal service companies.

## Alternative Market – Carriers Eligible/Registered or Hold Other Form of Approval from TDI - 2016

| Type Of Business              | Texas Premiums          |
|-------------------------------|-------------------------|
| Surplus Lines Insurers*       | \$ 5,123,415,949        |
| Foreign Risk Retention Groups | 106,859,268             |
| Certified Self Insurers       | 291,933,954             |
| Self-Insurance Group          | 12,280,857              |
| <b>Total**</b>                | <b>\$ 5,534,490,028</b> |

† Included with property and casualty.

‡ The vast majority of this business is property and casualty insurance. However, the surplus lines market includes some accident and health business.

## FINANCIAL STATEMENT SYSTEM

## Annual Statements Texas Premium Summary – Property and Casualty 2015-2016

| Insurance Type                 | As Of December 31, 2015  | As Of December 31, 2016  |
|--------------------------------|--------------------------|--------------------------|
| <b>Primary Lines</b>           |                          |                          |
| Automobile                     | \$ 20,311,526,011        | \$ 22,120,379,658        |
| Workers' Compensation          | 2,741,842,988            | 2,364,648,566            |
| Homeowners                     | 7,913,002,992            | 8,330,556,423            |
| Fire and Allied Lines          | 6,510,355,157            | 6,586,650,774            |
| Liability                      | 5,412,324,251            | 5,487,981,838            |
| Medical Professional Liability | 180,175,967              | 185,204,913              |
| <b>All Other Lines*</b>        | <b>1,843,290,300</b>     | <b>1,896,699,844</b>     |
| <b>Total</b>                   | <b>\$ 44,912,517,666</b> | <b>\$ 46,972,122,016</b> |

\* Does not include \$667,764,010 in accident and health premiums for 2015 and \$736,220,644 for 2016 written by property and casualty companies that are included in total accident and health premiums reflected below.

## Annual Statements Texas Premium Summary – Life, Annuity, and Accident and Health 2015-2016

| Insurance Type         | As Of December 31, 2015  | As Of December 31, 2016  |
|------------------------|--------------------------|--------------------------|
| <b>Life</b>            |                          |                          |
| Ordinary               | \$ 8,518,973,047         | \$ 8,702,906,600         |
| Group                  | 2,648,614,193            | 2,664,443,710            |
| Industrial             | 1,010,788                | 797,713                  |
| Credit                 | 105,005,572              | 92,157,275               |
| <b>Subtotal</b>        | <b>\$ 11,273,603,600</b> | <b>\$ 11,460,305,298</b> |
| <b>Annuity</b>         |                          |                          |
| Annuities              | \$ 17,218,757,046        | \$ 16,124,117,350        |
| Other Considerations   | 1,767,134,733            | 3,207,954,057            |
| Deposit Type Contracts | 3,114,095,488            | 3,660,756,755            |
| <b>Subtotal</b>        | <b>\$ 22,099,987,267</b> | <b>\$ 22,992,828,162</b> |
| Accident & Health*     | 37,685,904,643           | 38,518,211,185           |
| <b>Total</b>           | <b>\$ 71,059,495,510</b> | <b>\$ 72,971,344,645</b> |

\* Includes \$667,764,010 in accident and health premiums for 2015 and \$736,220,644 for 2016 written by property and casualty companies.



## TOP 10 GROUP HIGHLIGHTS

## Health Insurance

| Overview                  | Totals            | Top Group Writers               | Premium           | MS    |
|---------------------------|-------------------|---------------------------------|-------------------|-------|
| Companies*                | 469               | UnitedHealth                    | \$ 12,977,512,775 | 18.88 |
| Groups                    | 189               | Health Care Service Corporation | 12,444,258,431    | 18.10 |
| Insured Texans            | 22,840,643        | Centene Corporation             | 5,520,932,978     | 8.03  |
| Uninsured Texans          | 4,545,380         | Humana                          | 5,348,642,215     | 7.78  |
| Texas Population Estimate | 27,386,023        | Aetna                           | 4,724,177,109     | 6.87  |
| Written Premium           | \$ 68,754,520,404 | Anthem Inc.                     | 4,507,469,997     | 6.56  |
|                           |                   | Cigna Health                    | 4,002,722,193     | 5.82  |
|                           |                   | Molina Healthcare Inc           | 2,592,401,158     | 3.77  |
|                           |                   | Wellcare                        | 1,334,279,411     | 1.94  |
|                           |                   | Harris Health                   | 1,128,492,632     | 1.64  |

## Annuities

| Overview         | Totals            | Top Group Writers      | Premium          | MS    |
|------------------|-------------------|------------------------|------------------|-------|
| Companies*       | 290               | American International | \$ 2,772,028,539 | 12.06 |
| Groups           | 124               | Allianz Insurance      | 1,131,368,006    | 4.92  |
| Written Premiums | \$ 22,992,828,162 | Jackson National       | 1,095,003,443    | 4.76  |
|                  |                   | Voya Financial         | 1,064,326,181    | 4.63  |
|                  |                   | New York Life          | 985,728,979      | 4.29  |
|                  |                   | Prudential of America  | 885,483,102      | 3.85  |
|                  |                   | John Hancock           | 872,742,723      | 3.80  |
|                  |                   | Principal Financial    | 844,898,586      | 3.67  |
|                  |                   | AXA Insurance          | 829,488,391      | 3.61  |
|                  |                   | Sammons Enterprises    | 826,409,801      | 3.59  |

## Life Insurance

| Overview         | Totals            | Top Group Writers          | Premium        | MS   |
|------------------|-------------------|----------------------------|----------------|------|
| Companies*       | 441               | Metropolitan               | \$ 854,335,270 | 7.45 |
| Groups           | 168               | New York Life              | 656,913,457    | 5.73 |
| Written Premiums | \$ 11,460,305,298 | Northwestern Mutual        | 588,974,713    | 5.14 |
|                  |                   | Prudential Of America      | 482,728,343    | 4.21 |
|                  |                   | Lincoln National           | 478,584,380    | 4.18 |
|                  |                   | Mass Mutual Life Insurance | 408,399,693    | 3.56 |
|                  |                   | Minnesota Mutual           | 399,369,441    | 3.48 |
|                  |                   | State Farm                 | 391,630,411    | 3.42 |
|                  |                   | Aegon US Holding           | 333,641,545    | 2.91 |
|                  |                   | Pacific Life               | 310,384,080    | 2.71 |

\* Number of companies with positive premiums for indicated line of insurance.

## Personal Auto Insurance

| Overview             | Totals            | Top Group Writers        | Premium          | MS    |
|----------------------|-------------------|--------------------------|------------------|-------|
| Companies*           | 195               | State Farm               | \$ 3,395,165,106 | 17.70 |
| Groups               | 68                | Allstate Insurance       | 2,181,503,181    | 11.37 |
| Policies (Liability) | 18,211,742        | Berkshire Hathaway       | 2,127,633,320    | 11.09 |
| Written Premiums     | \$ 19,178,586,479 | Farmers Insurance        | 1,821,807,366    | 9.50  |
|                      |                   | Progressive              | 1,678,249,774    | 8.75  |
|                      |                   | USAA                     | 1,500,365,544    | 7.82  |
|                      |                   | Liberty Mutual           | 881,926,069      | 4.60  |
|                      |                   | Texas Farm Bureau Mutual | 672,771,583      | 3.51  |
|                      |                   | Nationwide Corporation   | 499,951,029      | 2.61  |
|                      |                   | Titus                    | 455,707,069      | 2.38  |

## Homeowners Insurance

| Overview         | Totals           | Top Group Writers        | Premium          | MS    |
|------------------|------------------|--------------------------|------------------|-------|
| Companies*       | 143              | State Farm               | \$ 1,821,634,619 | 21.72 |
| Groups           | 58               | Allstate Ins             | 1,072,661,327    | 12.79 |
| Policies         |                  | Farmers Ins              | 924,609,927      | 11.02 |
| Homeowners       | 4,584,542        | USAA                     | 852,580,438      | 10.17 |
| Dwelling         | 791,960          | Liberty Mutual           | 691,231,194      | 8.24  |
| Tenants          | 1,415,748        | Travelers                | 311,180,275      | 3.71  |
| Written Premiums | \$ 8,386,687,095 | Nationwide Corporation   | 245,271,270      | 2.92  |
|                  |                  | Texas Farm Bureau Mutual | 239,593,674      | 2.86  |
|                  |                  | Progressive              | 185,932,399      | 2.22  |
|                  |                  | Chubb Limited            | 177,580,020      | 2.12  |

\* Number of companies with positive premiums for indicated line of insurance.

**TOP COMPANIES BASED ON WRITTEN PREMIUM AND MARKET SHARE***\*Numbers may be rounded***Top Companies | Accident and Health**

| Rank  | NAIC # | Company  | Premium                  | MS          |
|---|--------|--|--------------------------|-------------|
| 1   | 70670  | BCBSTX, A Division of Health Care Service Corporation      | \$ 10,317,204,296        | 28.46       |
| 2   | 79413  | UnitedHealthcare Insurance Company                         | 5,296,412,817            | 12.40       |
| 3   | 60054  | Aetna Life Insurance Company                               | 3,838,284,228            | 8.99        |
| 4   | 73288  | Humana Insurance Company                                   | 3,188,638,245            | 7.47        |
| 5   | 71013  | Superior HealthPlan Network                                | 1,848,266,530            | 4.33        |
| 6   | 67369  | Cigna Health and Life Insurance Company                    | 1,226,306,699            | 2.87        |
| 7   | 12558  | Care Improvement Plus of Texas Insurance Company           | 1,161,221,668            | 2.72        |
| 8   | 12307  | Dentaquest USA Insurance Company, Inc.                     | 784,284,411              | 1.84        |
| 9   | 14078  | Amerigroup Insurance Company                               | 627,021,146              | 1.47        |
| 10  | 14063  | MCNA Insurance Company                                     | 614,729,848              | 1.44        |
| 11  | 65978  | Metropolitan Life Insurance Company                        | 573,129,110              | 1.34        |
| 12  | 82406  | All Savers Insurance Company                               | 527,363,992              | 1.23        |
| 13  | 60380  | American Family Life Assurance Company of Columbus         | 355,481,303              | 0.83        |
| 14  | 11670  | Insurance Company of Scott and White                       | 295,857,728              | 0.69        |
| 15  | 62235  | Unum Life Insurance Company of America                     | 294,676,940              | 0.69        |
| 16  | 64246  | The Guardian Life Insurance Company of America             | 259,445,662              | 0.61        |
| 17  | 78611  | HCSC Insurance Services Company                            | 219,402,443              | 0.51        |
| 18  | 65498  | Life Insurance Company of North America                    | 192,069,764              | 0.45        |
| 19  | 69868  | United of Omaha Life Insurance Company                     | 175,162,321              | 0.41        |
| 20  | 39616  | Vision Service Plan Insurance Company                      | 170,410,254              | 0.40        |
| 21  | 12575  | SilverScript Insurance Company                             | 169,593,670              | 0.40        |
| 22  | 80802  | Sun Life Assurance Company of Canada                       | 146,426,158              | 0.34        |
| 23  | 70025  | Genworth Life Insurance Company                            | 137,262,504              | 0.32        |
| 24  | 80799  | Celtic Insurance Company                                   | 136,895,307              | 0.32        |
| 25  | 61271  | Principal Life Insurance Company                           | 134,614,385              | 0.32        |
| 26  | 97179  | UnitedHealthcare Life Insurance Company                    | 132,758,446              | 0.31        |
| 27  | 61301  | Ameritas Life Insurance Corp.                              | 129,182,811              | 0.30        |
| 28  | 62286  | Golden Rule Insurance Company                              | 128,456,456              | 0.30        |
| 29  | 81396  | Delta Dental Insurance Company                             | 126,016,073              | 0.30        |
| 30  | 65676  | The Lincoln National Life Insurance Company                | 124,921,926              | 0.29        |
| 31  | 69019  | Standard Insurance Company                                 | 124,745,464              | 0.29        |
| 32  | 67105  | Reliastar Life Insurance Company                           | 116,771,612              | 0.27        |
| 33  | 68500  | Continental Life Insurance Company of Brentwood, Tennessee | 113,178,557              | 0.26        |
| 34  | 13151  | Care N' Care Insurance Company, Inc.                       | 109,166,678              | 0.26        |
| 35  | 86231  | Transamerica Life Insurance Company                        | 108,492,665              | 0.25        |
| 36  | 70815  | Hartford Life and Accident Insurance Company               | 106,836,632              | 0.25        |
| 37  | 60534  | American Heritage Life Insurance Company                   | 97,000,712               | 0.23        |
| 38  | 65838  | John Hancock Life Insurance Company (U.S.A.)               | 96,567,617               | 0.23        |
| 39  | 10076  | Memorial Hermann Health Insurance Company                  | 96,565,103               | 0.23        |
| 40  | 62049  | Colonial Life and Accident Insurance Company               | 92,960,780               | 0.22        |
| <b>Total Top 40 Accident &amp; Health Premiums 2016</b> |        |  | <b>\$ 34,393,782,961</b> | <b>0.85</b> |
| All Other Accident & Health Premiums                    |        |  | 4,124,428,224            | 15.17       |
| <b>Total Accident and Health Companies</b>              |        |  | <b>\$ 38,518,211,185</b> | <b>1.00</b> |

## Top Companies | HMOs

| Rank                          | NAIC # | Company   | Premium                  | MS          |
|-------------------------------|--------|---|--------------------------|-------------|
| 1                             | 95314  | Amerigroup Texas, Inc.                                | \$ 3,875,791,268         | 12.77       |
| 2                             | 95647  | Superior HealthPlan, Inc.                             | 3,535,771,141            | 11.65       |
| 3                             | 95174  | UnitedHealthcare Benefits of Texas, Inc.              | 2,735,384,530            | 9.01        |
| 4                             | 10757  | Molina Healthcare of Texas, Inc.                      | 2,542,879,634            | 8.38        |
| 5                             | 11141  | UnitedHealthcare Community Plan of Texas, L.L.C.      | 2,427,975,769            | 8.00        |
| 6                             | 12902  | HealthSpring Life & Health Insurance Company, Inc.    | 2,249,391,664            | 7.41        |
| 7                             | 70670  | BCBSTX, A Division of Health Care Service Corporation | 1,837,922,840            | 6.06        |
| 8                             | 95615  | Community Health Choice, Inc.                         | 1,128,492,632            | 3.72        |
| 9                             | 95885  | Humana Health Plan, Inc.                              | 1,113,032,802            | 3.67        |
| 10                            | 95329  | Texas Children's Health Plan, Inc.                    | 1,066,972,336            | 3.52        |
| 11                            | 95024  | Humana Health Plan of Texas, Inc.                     | 913,677,870              | 3.01        |
| 12                            | 10096  | SelectCare of Texas, Inc.                             | 833,377,943              | 2.75        |
| 13                            | 95099  | Scott and White Health Plan                           | 673,908,660              | 2.22        |
| 14                            | 95138  | SHA, L.L.C.   | 615,842,885              | 2.03        |
| 15                            | 95414  | Parkland Community Health Plan, Inc.                  | 522,508,757              | 1.72        |
| 16                            | 95809  | Driscoll Children's Health Plan                       | 516,106,072              | 1.70        |
| 17                            | 95490  | Aetna Health, Inc.                                    | 432,281,279              | 1.42        |
| 18                            | 11494  | Physicians Health Choice of Texas, LLC                | 416,841,259              | 1.37        |
| 19                            | 95248  | Community First Health Plans, Inc.                    | 415,650,941              | 1.37        |
| 20                            | 12964  | WellCare of Texas, Inc.                               | 386,115,696              | 1.27        |
| 21                            | 95822  | Cook Children's Health Plan                           | 348,138,833              | 1.15        |
| 22                            | 12827  | KS Plan Administrators, LLC                           | 335,326,393              | 1.11        |
| 23                            | 95040  | Aetna Better Health of Texas, Inc.                    | 243,100,616              | 0.80        |
| 24                            | 52635  | El Paso First Health Plans, Inc.                      | 200,516,385              | 0.66        |
| 25                            | 95383  | Cigna HealthCare of Texas, Inc.                       | 112,369,245              | 0.37        |
| 26                            | 14151  | Sendero Health Plans, Inc.                            | 86,404,379               | 0.28        |
| 27                            | 95799  | ValueOptions of Texas, Inc.                           | 85,157,482               | 0.28        |
| 28                            | 95765  | UnitedHealthcare of Texas, Inc.                       | 82,759,339               | 0.27        |
| 29                            | 12346  | Allegian Insurance Company                            | 75,238,547               | 0.25        |
| 30                            | 15143  | Advantage Optimum, Inc.                               | 66,980,018               | 0.22        |
| 31                            | 95240  | Seton Health Plan, Inc.                               | 61,519,013               | 0.20        |
| 32                            | 14154  | Christus Health Plan                                  | 57,622,585               | 0.19        |
| 33                            | 15489  | Memorial Hermann Health Plan, Inc.                    | 56,952,163               | 0.19        |
| 34                            | 15485  | Children's Medical Center Health Plan                 | 38,616,226               | 0.13        |
| 35                            | 10768  | SelectCare Health Plans, Inc.                         | 33,690,864               | 0.11        |
| 36                            | 95037  | Cigna Dental Health of Texas, Inc.                    | 33,672,099               | 0.11        |
| 37                            | 95161  | Denticare, Inc.                                       | 27,917,934               | 0.09        |
| 38                            | 95910  | Aetna Dental, Inc.                                    | 27,108,302               | 0.09        |
| 39                            | 29718  | GHS Insurance Company                                 | 26,519,401               | 0.09        |
| 40                            | 15452  | Prominence HealthFirst of Texas, Inc.                 | 24,396,181               | 0.08        |
| <b>Total Top 40 HMOs 2016</b> |        |   | <b>\$ 30,263,931,983</b> | <b>1.00</b> |
| All Other HMOs                |        |   | 81,124,088               | 0.27        |
| <b>Total HMOs</b>             |        |   | <b>\$ 30,345,056,071</b> | <b>1.00</b> |

## Top Companies | Annuities

| Rank                                | NAIC # | Company   | Premium                  | MS           |
|-------------------------------------|--------|---|--------------------------|--------------|
| 1                                   | 60488  | American General Life Insurance Company               | \$ 2,399,645,591         | 10.44        |
| 2                                   | 90611  | Allianz Life Insurance Company of North America       | 1,131,368,006            | 4.92         |
| 3                                   | 65056  | Jackson National Life Insurance Company               | 1,095,003,443            | 4.76         |
| 4                                   | 86509  | Voya Retirement Insurance and Annuity Company         | 886,520,362              | 3.86         |
| 5                                   | 65838  | John Hancock Life Insurance Company (U.S.A.)          | 872,742,723              | 3.80         |
| 6                                   | 61271  | Principal Life Insurance Company                      | 844,898,586              | 3.67         |
| 7                                   | 62944  | AXA Equitable Life Insurance Company                  | 827,328,914              | 3.60         |
| 8                                   | 91596  | New York Life Insurance and Annuity Corporation       | 793,970,474              | 3.45         |
| 9                                   | 65676  | The Lincoln National Life Insurance Company           | 755,642,963              | 3.29         |
| 10                                  | 65935  | Massachusetts Mutual Life Insurance Company           | 679,767,543              | 2.96         |
| 11                                  | 86231  | Transamerica Life Insurance Company                   | 589,290,004              | 2.56         |
| 12                                  | 66044  | Midland National Life Insurance Company               | 570,264,102              | 2.48         |
| 13                                  | 66869  | Nationwide Life Insurance Company                     | 505,913,467              | 2.20         |
| 14                                  | 69345  | Teachers Insurance and Annuity Association of America | 463,636,130              | 2.02         |
| 15                                  | 68675  | Security Benefit Life Insurance Company               | 436,682,117              | 1.90         |
| 16                                  | 92738  | American Equity Investment Life Insurance Company     | 413,466,307              | 1.80         |
| 17                                  | 68241  | The Prudential Insurance Company of America           | 394,446,431              | 1.72         |
| 18                                  | 70238  | The Variable Annuity Life Insurance Company           | 371,897,694              | 1.62         |
| 19                                  | 79227  | Pruco Life Insurance Company                          | 334,344,283              | 1.45         |
| 20                                  | 60895  | American United Life Insurance Company                | 333,267,195              | 1.45         |
| 21                                  | 61689  | Athene Annuity and Life Company                       | 330,675,626              | 1.44         |
| 22                                  | 67466  | Pacific Life Insurance Company                        | 325,570,608              | 1.42         |
| 23                                  | 69019  | Standard Insurance Company                            | 318,745,143              | 1.39         |
| 24                                  |        | College Retirement Equities Fund                      | 313,801,459              | 1.36         |
| 25                                  | 91642  | Forethought Life Insurance Company                    | 308,063,968              | 1.34         |
| 26                                  | 68608  | Symetra Life Insurance Company                        | 297,224,222              | 1.29         |
| 27                                  | 88072  | Hartford Life Insurance Company                       | 289,979,227              | 1.26         |
| 28                                  | 65978  | Metropolitan Life Insurance Company                   | 267,289,258              | 1.16         |
| 29                                  | 65528  | Life Insurance Company of the Southwest               | 252,661,193              | 1.10         |
| 30                                  | 87726  | BrightHouse Life Insurance Company                    | 250,225,811              | 1.09         |
| 31                                  | 65005  | Riversource Life Insurance Company                    | 240,035,155              | 1.04         |
| 32                                  | 68322  | Great-West Life and Annuity Insurance Company         | 238,448,852              | 1.04         |
| 33                                  | 63274  | Fidelity and Guaranty Life Insurance Company          | 213,817,178              | 0.93         |
| 34                                  | 66974  | North American Company for Life and Health Insurance  | 211,817,467              | 0.92         |
| 35                                  | 69663  | USAA Life Insurance Company                           | 209,923,035              | 0.91         |
| 36                                  | 66915  | New York Life Insurance Company                       | 191,758,505              | 0.83         |
| 37                                  | 66168  | Minnesota Life Insurance Company                      | 191,613,620              | 0.83         |
| 38                                  | 92657  | Nationwide Life and Annuity Insurance Company         | 166,372,295              | 0.72         |
| 39                                  | 80942  | Voya Insurance and Annuity Company                    | 162,323,080              | 0.71         |
| 40                                  | 63312  | Great American Life Insurance Company                 | 160,805,049              | 0.70         |
| <b>Total Top 40 Annuity Premium</b> |        |   | <b>\$ 19,641,247,086</b> | <b>85.43</b> |
| All Other Annuity Premiums          |        |   | 3,351,581,076            | 14.58        |
| <b>Total Annuities</b>              |        |   | <b>\$ 22,992,828,162</b> | <b>1.00</b>  |

## Top Companies | Life Insurance

| Rank                                  | NAIC # | Company   | Premium                  | MS           |
|---------------------------------------|--------|---|--------------------------|--------------|
| 1                                     | 65978  | Metropolitan Life Insurance Company             | \$ 660,209,143           | 5.76         |
| 2                                     | 67091  | The Northwestern Mutual Life Insurance Company  | 588,974,713              | 5.14         |
| 3                                     | 66915  | New York Life Insurance Company                 | 520,069,502              | 4.54         |
| 4                                     | 65676  | The Lincoln National Life Insurance Company     | 470,296,825              | 4.10         |
| 5                                     | 65935  | Massachusetts Mutual Life Insurance Company     | 391,781,948              | 3.42         |
| 6                                     | 69108  | State Farm Life Insurance Company               | 391,630,411              | 3.42         |
| 7                                     | 66168  | Minnesota Life Insurance Company                | 349,734,630              | 3.05         |
| 8                                     | 67466  | Pacific Life Insurance Company                  | 310,284,933              | 2.71         |
| 9                                     | 68241  | The Prudential Insurance Company of America     | 267,014,773              | 2.33         |
| 10                                    | 60488  | American General Life Insurance Company         | 235,223,873              | 2.05         |
| 11                                    | 65838  | John Hancock Life Insurance Company (U.S.A.)    | 231,167,721              | 2.02         |
| 12                                    | 79227  | Pruco Life Insurance Company                    | 215,592,188              | 1.88         |
| 13                                    | 86231  | Transamerica Life Insurance Company             | 210,206,916              | 1.83         |
| 14                                    | 62235  | Unum Life Insurance Company of America          | 187,284,817              | 1.63         |
| 15                                    | 63177  | Farmers New World Life Insurance Company        | 178,425,754              | 1.56         |
| 16                                    | 65919  | Primerica Life Insurance Company                | 178,062,513              | 1.55         |
| 17                                    | 64246  | The Guardian Life Insurance Company of America  | 173,082,683              | 1.51         |
| 18                                    | 60739  | American National Insurance Company             | 162,293,568              | 1.42         |
| 19                                    | 87726  | Brighthouse Life Insurance Company              | 158,107,196              | 1.38         |
| 20                                    | 68896  | Southern Farm Bureau Life Insurance Company     | 155,032,311              | 1.35         |
| 21                                    | 69868  | United of Omaha Life Insurance Company          | 151,295,174              | 1.32         |
| 22                                    | 65498  | Life Insurance Company of North America         | 137,377,935              | 1.20         |
| 23                                    | 69663  | USAA Life Insurance Company                     | 134,575,617              | 1.17         |
| 24                                    | 91596  | New York Life Insurance and Annuity Corporation | 132,980,712              | 1.16         |
| 25                                    | 65595  | Lincoln Benefit Life Company                    | 124,233,623              | 1.08         |
| 26                                    | 66281  | Transamerica Premier Life Insurance Company     | 122,072,514              | 1.07         |
| 27                                    | 68136  | Protective Life Insurance Company               | 118,027,908              | 1.03         |
| 28                                    | 62944  | AXA Equitable Life Insurance Company            | 116,561,605              | 1.02         |
| 29                                    | 67105  | Reliastar Life Insurance Company                | 110,207,685              | 0.96         |
| 30                                    | 67989  | American Memorial Life Insurance Company        | 101,001,313              | 0.88         |
| 31                                    | 71129  | Dearborn National Life Insurance Company        | 98,241,147               | 0.86         |
| 32                                    | 65005  | Riversource Life Insurance Company              | 90,085,541               | 0.79         |
| 33                                    | 61271  | Principal Life Insurance Company                | 87,026,523               | 0.76         |
| 34                                    | 66044  | Midland National Life Insurance Company         | 86,019,957               | 0.75         |
| 35                                    | 80802  | Sun Life Assurance Company of Canada            | 85,939,272               | 0.75         |
| 36                                    | 92657  | Nationwide Life and Annuity Insurance Company   | 84,747,067               | 0.74         |
| 37                                    | 69396  | Texas Life Insurance Company                    | 78,612,147               | 0.69         |
| 38                                    | 62308  | Connecticut General Life Insurance Company      | 78,306,096               | 0.68         |
| 39                                    | 65536  | Genworth Life and Annuity Insurance Company     | 78,037,951               | 0.68         |
| 40                                    | 68357  | The Reliable Life Insurance Company             | 77,389,730               | 0.68         |
| <b>Total Top 40 Life Premium</b>      |        |   | <b>\$ 8,127,215,935</b>  | <b>70.92</b> |
| All Other Life Premium                |        |   | 3,333,089,363            | 29.08        |
| <b>Total Life Insurance Companies</b> |        |   | <b>\$ 11,460,305,298</b> | <b>1.00</b>  |

## Top Companies | Private Passenger Auto Insurance

| Rank  | NAIC # | Company  | Premium                  | MS          |
|---|--------|--|--------------------------|-------------|
| 1   | 25178  | State Farm Mutual Automobile Insurance Company       | \$ 3,074,590,659         | 16.03       |
| 2   | 29203  | Progressive County Mutual Insurance Company          | 1,678,264,745            | 8.75        |
| 3   | 24392  | Farmers Texas County Mutual Insurance Company        | 1,530,613,603            | 7.98        |
| 4   | 29688  | Allstate Fire and Casualty Insurance Company         | 1,416,050,038            | 7.38        |
| 5   | 29181  | Geico County Mutual Insurance Company                | 1,151,485,019            | 6.00        |
| 6   | 19544  | Liberty County Mutual Insurance Company              | 836,938,040              | 4.36        |
| 7   | 25941  | USAA   | 507,782,358              | 2.65        |
| 8   | 22063  | Government Employees Insurance Company               | 482,070,777              | 2.51        |
| 9   | 29262  | Colonial County Mutual Insurance Company             | 456,402,558              | 2.38        |
| 10  | 29246  | Consumers County Mutual Insurance Company            | 455,707,069              | 2.38        |
| 11  | 25968  | USAA Casualty Insurance Company                      | 448,293,656              | 2.34        |
| 12  | 29297  | Home State County Mutual Insurance Company           | 436,880,263              | 2.28        |
| 13  | 29378  | Old American County Mutual Fire Insurance Company    | 379,449,349              | 1.98        |
| 14  | 25380  | Texas Farm Bureau Mutual Insurance Company           | 378,965,805              | 1.98        |
| 15  | 19240  | Allstate Indemnity Company                           | 334,143,826              | 1.74        |
| 16  | 26816  | State Farm County Mutual Insurance Company of Texas  | 320,574,447              | 1.67        |
| 17  | 18600  | Usaa General Indemnity Company                       | 301,943,215              | 1.57        |
| 18  | 29327  | Auto Club County Mutual Insurance Company            | 251,252,203              | 1.31        |
| 19  | 27863  | Southern County Mutual Insurance Company             | 248,442,863              | 1.30        |
| 20  | 21253  | Garrison Property and Casualty Insurance Company     | 242,346,315              | 1.26        |
| 21  | 29254  | Foremost County Mutual Insurance Company             | 226,998,119              | 1.18        |
| 22  | 13004  | Texas Farm Bureau Casualty Insurance Company         | 225,765,593              | 1.18        |
| 23  | 29335  | Allstate County Mutual Insurance Company             | 225,586,043              | 1.18        |
| 24  | 11198  | Loya Insurance Company                               | 215,483,012              | 1.12        |
| 25  | 14138  | Geico Advantage Insurance Company                    | 194,226,582              | 1.01        |
| 26  | 10807  | Accc Insurance Company                               | 190,629,012              | 0.99        |
| 27  | 13938  | Metropolitan Lloyds Insurance Company of Texas       | 161,893,907              | 0.84        |
| 28  | 15449  | Alinsco Insurance Company                            | 153,654,977              | 0.80        |
| 29  | 19976  | Amica Mutual Insurance Company                       | 151,379,984              | 0.79        |
| 30  | 11521  | Germania Select Insurance Company                    | 150,092,728              | 0.78        |
| 31  | 22055  | Geico Indemnity Company                              | 140,536,014              | 0.73        |
| 32  | 10730  | American Access Casualty Company                     | 131,955,782              | 0.69        |
| 33  | 14139  | Geico Choice Insurance Company                       | 100,023,807              | 0.52        |
| 34  | 13688  | Elephant Insurance Company                           | 97,895,414               | 0.51        |
| 35  | 13820  | Infinity County Mutual Insurance Company             | 90,489,488               | 0.47        |
| 36  | 40150  | MGA Insurance Company, Inc.                          | 86,716,772               | 0.45        |
| 37  | 17230  | Allstate Property and Casualty Insurance Company     | 77,796,029               | 0.41        |
| 38  | 29351  | Unitrin County Mutual Insurance Company              | 77,118,581               | 0.40        |
| 39  | 29394  | Mercury County Mutual Insurance Company              | 71,592,897               | 0.37        |
| 40  | 27820  | Farm Bureau County Mutual Insurance Company of Texas | 68,040,185               | 0.35        |
| <b>Total Top 40 Private Passenger Auto Premium</b>      |        |  | <b>\$ 17,770,071,734</b> | <b>0.93</b> |
| All Other Private Passenger Auto Premium                |        |  | 1,408,514,745            | 7.34        |
| <b>Total Private Passenger Auto Insurance Companies</b> |        |  | <b>\$ 19,178,586,479</b> | <b>1.00</b> |

## Top Companies | Homeowners Insurance

| Rank  | NAIC # | Company  | Premium                 | MS          |
|---|--------|--|-------------------------|-------------|
| 1   | 43419  | State Farm Lloyds                                  | \$ 1,821,634,619        | 21.72       |
| 2   | 21695  | Texas Farmers Insurance Company                    | 741,068,892             | 8.84        |
| 3   | 37907  | Allstate Vehicle and Property Insurance Company    | 452,774,080             | 5.40        |
| 4   | 26530  | Allstate Texas Lloyd's                             | 375,470,232             | 4.48        |
| 5   | 25941  | United Services Automobile Association             | 336,005,247             | 4.01        |
| 6   | 25968  | USAA Casualty Insurance Company                    | 314,421,148             | 3.75        |
| 7   | 11215  | Safeco Insurance Company of Indiana                | 310,736,924             | 3.71        |
| 8   | 42404  | Liberty Insurance Corporation                      | 305,810,365             | 3.65        |
| 9   | 27998  | The Travelers Home and Marine Insurance Company    | 186,014,976             | 2.22        |
| 10  | 11059  | ASI Lloyds   | 184,772,034             | 2.20        |
| 11  | 25380  | Texas Farm Bureau Mutual Insurance Company         | 174,990,243             | 2.09        |
| 12  | 29688  | Allstate Fire and Casualty Insurance Company       | 156,138,661             | 1.86        |
| 13  | 27774  | Chubb Lloyds Insurance Company of Texas            | 148,946,797             | 1.78        |
| 14  | 19976  | Amica Mutual Insurance Company                     | 146,555,272             | 1.75        |
| 15  | 23760  | Nationwide General Insurance Company               | 120,038,136             | 1.43        |
| 16  | 13938  | Metropolitan Lloyds Insurance Company of Texas     | 113,407,283             | 1.35        |
| 17  | 11008  | Auto Club Indemnity Company                        | 112,210,574             | 1.34        |
| 18  | 41564  | Travelers Lloyds of Texas Insurance Company        | 111,962,062             | 1.33        |
| 19  | 18600  | USAA General Indemnity Company                     | 106,916,836             | 1.27        |
| 20  | 41688  | Foremost Lloyds of Texas                           | 102,832,268             | 1.23        |
| 21  | 12536  | Homeowners of America Insurance Company            | 99,757,718              | 1.19        |
| 22  | 21253  | Garrison Property and Casualty Insurance Company   | 95,237,207              | 1.14        |
| 23  | 10969  | United Property & Casualty Insurance Company       | 83,423,874              | 0.99        |
| 24  | 11543  | Texas Fair Plan Association                        | 83,002,947              | 0.99        |
| 25  | 25399  | Texas Farm Bureau Underwriters                     | 64,603,431              | 0.77        |
| 26  | 15474  | National Lloyds Insurance Company                  | 56,076,185              | 0.67        |
| 27  | 37877  | Nationwide Property and Casualty Insurance Company | 55,587,149              | 0.66        |
| 28  | 19240  | Allstate Indemnity Company                         | 54,880,749              | 0.65        |
| 29  | 23469  | American Modern Home Insurance Company             | 54,095,012              | 0.65        |
| 30  | 21652  | Farmers Insurance Exchange                         | 49,162,330              | 0.59        |
| 31  | 12573  | Centauri Specialty Insurance Company               | 47,625,272              | 0.57        |
| 32  | 37257  | Praetorian Insurance Company                       | 43,436,948              | 0.52        |
| 33  | 11578  | Cypress Texas Insurance Company                    | 43,064,678              | 0.51        |
| 34  | 40703  | Unitrin Safeguard Insurance Company                | 39,669,178              | 0.47        |
| 35  | 29068  | IDS Property Casualty Insurance Company            | 38,993,285              | 0.46        |
| 36  | 42110  | Nationwide Lloyds                                  | 38,663,753              | 0.46        |
| 37  | 10111  | American Bankers Insurance Company of Florida      | 38,463,709              | 0.46        |
| 38  | 19402  | AIG Property Casualty Company                      | 37,456,325              | 0.45        |
| 39  | 20230  | Central Mutual Insurance Company                   | 36,599,036              | 0.44        |
| 40  | 11041  | Liberty Lloyds of Texas Insurance Company          | 36,468,185              | 0.43        |
| <b>Total Top 40 Homeowners Premium</b>      |        |  | <b>\$ 7,418,973,620</b> | <b>0.88</b> |
| All Other Homeowners Premium                |        |  | 967,713,475             | 11.54       |
| <b>Total Homeowners Insurance Companies</b> |        |  | <b>\$ 8,386,687,095</b> | <b>1.00</b> |



## Top Companies | Workers' Compensation Insurance

| Rank   | NAIC # | Company  | Premium                 | MS          |
|--|--------|--|-------------------------|-------------|
| 1  | 22945  | Texas Mutual Insurance Company                     | \$ 948,660,159          | 40.12       |
| 2  | 16535  | Zurich American Insurance Company                  | 70,385,294              | 2.98        |
| 3  | 43389  | Service Lloyds Insurance Company                   | 50,833,627              | 2.15        |
| 4  | 42404  | Liberty Insurance Corporation                      | 46,410,346              | 1.96        |
| 5  | 25658  | The Travelers Indemnity Company                    | 46,143,157              | 1.95        |
| 6  | 22667  | Ace American Insurance Company                     | 38,691,156              | 1.64        |
| 7  | 19038  | Travelers Casualty and Surety Company              | 32,907,595              | 1.39        |
| 8  | 30104  | Hartford Underwriters Insurance Company            | 32,732,413              | 1.38        |
| 9  | 27120  | Trumbull Insurance Company                         | 31,005,783              | 1.31        |
| 10   | 23035  | Liberty Mutual Fire Insurance Company              | 30,617,185              | 1.29        |
| 11   | 40142  | American Zurich Insurance Company                  | 29,888,762              | 1.26        |
| 12   | 20281  | Federal Insurance Company                          | 27,764,758              | 1.17        |
| 13   | 43575  | Indemnity Insurance Company of North America       | 27,744,634              | 1.17        |
| 14   | 23841  | New Hampshire Insurance Company                    | 24,317,470              | 1.03        |
| 15   | 25682  | The Travelers Indemnity Company of Connecticut     | 22,046,923              | 0.93        |
| 16   | 19488  | Amerisure Insurance Company                        | 21,201,065              | 0.90        |
| 17   | 42376  | Technology Insurance Company, Inc.                 | 20,858,247              | 0.88        |
| 18   | 38318  | Starr Indemnity & Liability Company                | 20,055,116              | 0.85        |
| 19   | 19429  | The Insurance Company of the State of Pennsylvania | 17,526,091              | 0.74        |
| 20   | 24147  | Old Republic Insurance Company                     | 17,288,460              | 0.73        |
| 21   | 10166  | Accident Fund Insurance Company of America         | 16,564,413              | 0.70        |
| 22   | 25674  | Travelers Property Casualty Company of America     | 14,521,278              | 0.61        |
| 23   | 11150  | Arch Insurance Company                             | 14,075,169              | 0.60        |
| 24   | 38970  | Markel Insurance Company                           | 13,905,435              | 0.59        |
| 25   | 23396  | Amerisure Mutual Insurance Company                 | 13,866,761              | 0.59        |
| 26   | 37885  | XL Specialty Insurance Company                     | 13,630,531              | 0.58        |
| 27   | 29424  | Hartford Casualty Insurance Company                | 12,781,405              | 0.54        |
| 28   | 20508  | Valley Forge Insurance Company                     | 12,670,922              | 0.54        |
| 29   | 19070  | The Standard Fire Insurance Company                | 12,278,049              | 0.52        |
| 30   | 25615  | The Charter Oak Fire Insurance Company             | 11,913,341              | 0.50        |
| 31   | 13269  | Zenith Insurance Company                           | 11,788,926              | 0.50        |
| 32   | 19410  | Commerce and Industry Insurance Company            | 11,605,560              | 0.49        |
| 33   | 33600  | LM Insurance Corporation                           | 11,541,741              | 0.49        |
| 34   | 11000  | Sentinel Insurance Company, Ltd.                   | 11,357,944              | 0.48        |
| 35   | 37478  | Hartford Insurance Company of the Midwest          | 11,215,623              | 0.47        |
| 36   | 25666  | The Travelers Indemnity Company of America         | 11,207,010              | 0.47        |
| 37   | 30120  | Znat Insurance Company                             | 11,110,143              | 0.47        |
| 38   | 25623  | The Phoenix Insurance Company                      | 11,087,908              | 0.47        |
| 39   | 20427  | American Casualty Company of Reading, Pennsylvania | 10,864,926              | 0.46        |
| 40   | 12416  | Protective Insurance Company                       | 10,793,888              | 0.46        |
| <b>Total Top 40 Workers' Compensation Premium 2016</b> |        |  | <b>\$ 1,805,859,214</b> | <b>0.76</b> |
| All Other Workers' Compensation Premium                |        |  | 558,789,352             | 23.63       |
| <b>Total Workers' Compensation Companies</b>           |        |  | <b>\$ 2,364,648,566</b> | <b>1.00</b> |

## Top Companies | Title

| Rank                         | NAIC # | Company  | Premium                 | MS          |
|------------------------------|--------|--|-------------------------|-------------|
| 1                            | 50121  | Stewart Title Guaranty Company                 | \$ 328,258,494          | 16.05       |
| 2                            | 51586  | Fidelity National Title Insurance Company      | 305,989,229             | 14.96       |
| 3                            | 50814  | First American Title Insurance Company         | 296,408,489             | 14.50       |
| 4                            | 50229  | Chicago Title Insurance Company                | 240,469,958             | 11.76       |
| 5                            | 50520  | Old Republic National Title Insurance Company  | 144,605,715             | 7.07        |
| 6                            | 50016  | Title Resources Guaranty Company               | 141,996,571             | 6.94        |
| 7                            | 51624  | First American Title Guaranty Company          | 125,779,230             | 6.15        |
| 8                            | 51152  | Wfg National Title Insurance Company           | 76,134,632              | 3.72        |
| 9                            | 50598  | Alamo Title Insurance                          | 75,583,469              | 3.70        |
| 10                           | 14240  | First National Title Insurance Company         | 73,934,416              | 3.62        |
| 11                           | 12309  | Alliant National Title Insurance Company, Inc. | 64,565,468              | 3.16        |
| 12                           | 50083  | Commonwealth Land Title Insurance Company      | 50,099,155              | 2.45        |
| 13                           | 50050  | Westcor Land Title Insurance Company           | 39,755,520              | 1.94        |
| 14                           | 50130  | North American Title Insurance Company         | 32,655,433              | 1.60        |
| 15                           | 50377  | National Investors Title Insurance Company     | 24,162,213              | 1.18        |
| 16                           | 50026  | Premier Land Title Insurance Company           | 8,096,631               | 0.40        |
| 17                           | 11974  | Amrock Title Insurance Company                 | 6,854,509               | 0.34        |
| 18                           | 12591  | Sierra Title Insurance Guaranty Company        | 4,854,461               | 0.24        |
| 19                           | 15305  | Southwest Land Title Insurance Company         | 3,375,616               | 0.17        |
| 20                           | 50440  | Real Advantage Title Insurance Company         | 662,040                 | 0.03        |
| 21                           | 51632  | Entitle Insurance Company                      | 507,455                 | 0.02        |
| 22                           | 51020  | National Title Insurance Of New York, Inc.     | 38,029                  | 0.00        |
| <b>Total Title Companies</b> |        |  | <b>\$ 2,044,786,733</b> | <b>1.00</b> |





TDI 2017 Annual Report  
Texas Department of Insurance

TDIAR | 1117